

It's time South Australia backs first home buyers

Data released by the ABS once again demonstrates the need for policies to help more young South Australians into their own homes and stimulate the struggling housing sector.

An analysis of the figures shows that the number of first home buyer dwellings financed during the second half of 2017 compared to the first half of the year increased by 47.24% in Victoria and 80.95% in New South Wales. By comparison, South Australia increased by just 12.67%.

Master Builders SA Chief Executive Officer Ian Markos said New South Wales and Victoria were going “gangbusters” while South Australia was being left behind.

“Everyone knows young South Australians are leaving the state in droves,” said Mr Markos.

“If we are serious about stopping the flow of South Australians interstate, we need to give them reasons to stay. A good job and an affordable home is a great start.

“It’s common sense to base policy on what has been proven to work. Since Victoria and New South Wales introduced their incentives last July, their first home buyers’ markets have been going gangbusters.

“The rate of first home buyer dwellings financed during the second half of last year compared to the first half of last year was about four times higher in Victoria and nearly seven times higher in New South Wales than in South Australia.

“Master Builders SA continues to push for the elimination of stamp duty for first home buyers on new builds up to the median house price, which was \$450,000 for the September 2017 Quarter.

“We also recommend that the existing First Home Owner Grant of \$15,000 be increased to \$20,000 in regional South Australia.

“The eligible transaction can be a contract for the purchase of a new residential premises or a comprehensive home building contract and would be available until 30 June 2021.”

Master Builders is also calling for a review of all taxes and charges related to land and property development.

“House prices are driven up by about 40 per cent by inefficient land release strategies, excessive development levies, taxes and charges, and excessive planning and building requirements”, said Mr Markos.

“For example, South Australian building rules require new dwellings and some extensions or alterations have a rainwater tank to supplement mains water. When Queensland removed this requirement in 2013, the cost of a new home was reduced by more than \$5,000.

“Master Builders SA supports consumer choice. We have no problem with rainwater tanks, we just don’t think they should be compulsory. People should have the freedom to make their own decisions based on their own budget, priorities and lifestyle.

“There would be nothing stopping anybody who wanted a rainwater tank from getting one. There would also be nothing stopping them from installing one in the years ahead when it is more affordable. The most important thing is first home buyers at least have the option of getting into their own home as cheaply as possible first.”

2017: First home buyers – Dwellings financed

	Victoria	New South Wales	South Australia
Jan-2017	1851	1028	344
Feb-2017	1889	1105	376
Mar-2017	2296	1463	486
Apr-2017	1850	1169	350
May-2017	2431	1600	491
Jun-2017	2366	1526	517
Jul-2017	2619	1950	439
Aug-2017	3162	2427	491
Sept-2017	3002	2395	456
Oct-2017	3250	2397	459
Nov-2017	3526	2700	574
Dec-2017	3116	2410	470
Total: Jan-Jun	12 683	7891	2564
Total: Jul-Dec	18 675	14 279	2889
Total: 2017	31 358	22 170	5453
Percentage increase in dwelling finance	47.24%	80.95%	12.67%

According to the ABS, “The number of loans to first home buyers has recorded strong growth in recent months. The increase has been driven mainly by changes to first home buyer incentives made in July by the New South Wales and Victorian governments.”

1. In Victoria, stamp duty for first-home buyers with a dutiable value of not more than \$600,000 was abolished for contracts entered into from 1 July 2017. See: <https://www.sro.vic.gov.au/news/changes-first-home-owner-grant-and-stamp-duty>
2. In New South Wales, stamp duty was abolished on new and existing homes worth up to \$650,000 from 1 July 2017. See: <https://www.nsw.gov.au/improving-nsw/projects-and-initiatives/first-home-buyers/>
3. Statistics referred to in this release are available at: <http://www.abs.gov.au/ausstats/abs@.nsf/mf/5609.0>

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