

FHB demand for new homes rising in NSW: RBA

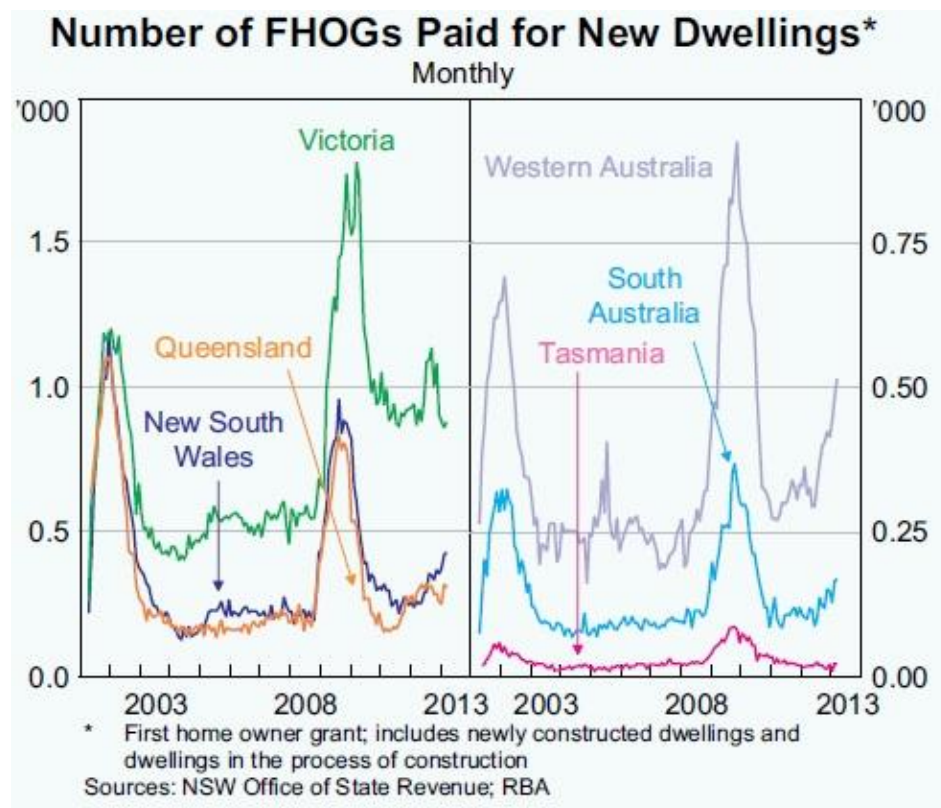
By Larry Schlesinger
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The NSW government's decision to only incentivise first-home buyers who purchase new homes from October last year appears to be gaining traction, the Reserve Bank has noted in its May monthly statement on monetary policy.

"For the state as a whole, there has been an increase in demand from first home buyers, which is likely to reflect the increase in government incentives to first-home buyers purchasing new homes relative to the incentives available for purchases of established homes," says the RBA.

The following graph prepared by the RBA shows the trend of rising first-home owner grants (FHOs) in NSW for new dwellings and also a small uptick in Queensland, where a similar incentive scheme is in place.

In Victoria the trend is heading in the other direction, but this is ahead of the introduction of a [\\$10,000 FHB grant for new homes only from July 1](#), with an expected rush among some FHBs to finalise purchases of existing dwellings.



The [NSW government provides \\$15,000 to first-home buyers](#) purchasing a new home up to \$650,000 but has removed the previous \$7,000 grant available for both new and existing FHBs.

A first-home buyer maximum stamp duty exemption of \$20,240 is also available for new homes worth up to \$550,000.

From January 1 2014 the \$15,000 grant will reduce to \$10,000.