

First-home buyer policies failing in NSW and Queensland

By Larry Schlesinger
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While it's still early days, the latest housing finance figures published by both the ABS and mortgage broker AFG suggest NSW and Queensland are discouraging many first-home buyers after doubling state handouts last year, but only if they buy or build a new home, while offering nothing for those that buy an existing property.

The most up-to-date mortgage figures are provided by aggregator AFG, which claims to write one in every 10 home loans in Australia through its network of affiliated mortgage brokers.

AFG reports a healthy 15% rise in the volume of mortgages arranged by brokers over 2012 from \$28 billion to \$32 billion, but says the average long term share of home loans arranged for first-home buyers, usually between 12% and 15%, collapsed to just 4.2% in NSW and 4.5% in Queensland during the last two months of 2012, after the \$7,000 first-home buyers grants were withdrawn in both states in favour of the \$15,000 boost for new homes only.

In comparison, investors dominated the mortgage market in these two states, comprising 46.3% and 35.9% of all home loans respectively.

Official ABS data is only up until November, so it is difficult to say a trend is emerging, but the figures certainly suggest first-home buyers have not been swayed to consider a new house or apartment over an existing property.

The ABS records that the number of first-home buyer loans arranged in NSW fell from 2,088 in October to 1,383 November, while in Queensland first-home buyer loan numbers fell from 2,116 in October to 1,417 in November - in both states a monthly drop of 33%.

Furthermore, just 793 first-home buyers took advantage of the revised NSW first-home owners' grant in December last year, [the lowest take-up in 20 years](#) with the NSW state opposition claiming that Barry O'Farrell's decision to dump first-home buyer grants and stamp duty exemptions have been "nothing short of devastating for young people trying to buy their first home".

Indeed, first-home buyer changes *are* particularly tough on those in NSW that wish to buy an existing property.

Since October 1, the NSW state grant has been lifted from \$7,000 to \$15,000 for new homes valued up to \$650,000, while a maximum stamp duty exemption of \$20,240 is also available for new homes worth up to \$550,000. [Apply](#)

First-home buyers that purchase an existing home get nothing.

In Queensland, since September 11, a \$15,000 first-home owner construction grant (FHOCG) has been available for new property bought or built at a value under \$750,000, but all first-

home buyers also pay no duty on purchases up to \$500,000, with a phasing-out rebate applicable for values up to \$600,000.

The doubling of the NSW first-home buyer grant was announced in mid-June, but only came into effect three-and-half months later, with Property Observer reporting on the conundrum it created for both [first-home buyers and investors](#) over this interim period.

Queensland government introduced its construction grant with immediate effect from September 11, but gave first-home buyers up until October 11 to finalise contracts.

Contrast this with Victoria, which still offers a \$7,000 first-home buyer loan for both new and existing home purchases (and increased stamp duty concessions from 20% to 30% on January 1) and first-home buyer loan numbers were little changed over the month, falling marginally from 2,545 to 2,407.

Ray White chairman Brian White labelled the new first-home buyer policies as “no longer a first-home buyers but a builders incentive” and a "deceit", saying they distorted the market, but not in a healthy way.

The latest data suggests he could be right.

<http://www.propertyobserver.com.au/first-home-buyers/first-home-buyer-policies-failing-in-nsw-and-queensland>