

For immediate release
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SA first home buyer activity bucks national trend

South Australia continues to outshine the national average when it comes to first home buyer activity according to Australian Bureau of Statistics (ABS) figures released today.

The monthly ABS finance commitment figures for September showed that at a national level, first home buyer activity continued to fall, accounting for 12.5% of total finance commitments in September, falling from 13.7% in August and against a 12 month average of about 15%.

The picture was more positive in South Australia, with first home buyer finance commitments accounting for 17.7% of total finance commitments, with a 12 month average of about 18%.

At the same time last year, first home buyers accounted for 19% of total finance commitments at a national level.

John Oliver, Chief Executive Officer of HomeStart Finance, one of South Australia's leading lenders for the first home buyer sector, said while the figures were positive for first home buyers in South Australia, conditions were still very much in 'recovery' mode.

"First home buyer activity in South Australia has been above the national average for more than 12 months now, and trending upwards over the longer term," he said.

"We've had a relatively flat property market in South Australia for a number of years now, with no major peaks or troughs in prices. Coupled with low interest rates, it has increased affordability for first home buyers and enabled many to break into the market.

"There is also an abundance of land available for construction in South Australia, particularly in the north and south of Adelaide. Assistance that's been available through government grants, particularly for construction, has stimulated first home buyer activity.

"Since the beginning of 2011, we've seen first home buyer activity in South Australia trending upwards and in 2013 we've seen activity at levels close to the 20 year average. For 2013, the monthly average of first home buyer finance commitments sits at 581, compared with the 20 year average of 618.

"Importantly, the figures we've seen in recent months build a positive picture for South Australia's housing market and first home buyer activity for 2014."

HomeStart makes home ownership a reality for more South Australians in more ways. We are a statutory authority that reports to the Minister for Housing and Urban Development. We were created in 1989 and since then have helped over 63,000 households into home ownership.

Despite the positive trend, Mr Oliver said there were still a number of barriers for first home buyers, with upfront costs being the major obstacle.

“When the GFC hit in 2008, many lenders tightened their lending policies and required home buyers to have a much larger deposit before approving finance,” he said.

“While these policies have become more relaxed in recent times, many lenders still require at least a five percent deposit which when coupled with the high cost of Lenders Mortgage Insurance can be a significant amount of money for young home buyers.

“We believe there’s still very strong first home buyer demand in the market, but it is being delayed while they save money to meet the upfront costs. It’s especially challenging to save the amount of money required to enter the market while renting.

“The good news is we should see the number of first home buyers moving into the market increasing in 2014 and beyond.”

First home buyers make up nearly 60% of HomeStart’s 2013 new lending portfolio and caters for them with low deposit options and reduced upfront costs.

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