

For immediate release
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SA first homebuyers turn-away from housing construction

More South Australian first homebuyers are choosing to buy an established home rather than build, according to new figures from lender HomeStart Finance, and the Housing Industry Association (HIA).

HomeStart's lending figures for 2014/15 show there has been a sharp drop-away from housing construction, with a 6% fall in the number of construction loans for first homebuyers in the last 12 months.

The HIA is also predicting a decline, with statistics released this week predicting a dramatic 10.6 per cent fall in the number of building starts in South Australia for the 2015/16 financial year.

The move away from building homes could be driven by a range of factors, including the finish of the \$8500 housing construction grant in December 2013, a lack of affordable and available land in inner suburban areas and a shift in homebuyer preferences.

HomeStart Finance's Chief Executive Officer, John Oliver, said the figures were surprising as building a home offered significant advantages over buying an established home.

"Generally, it can be a more cost-effective option to build because you are buying 'off the plan' and a lower price reflects the inconvenience of waiting for the home to be built. There are also stamp duty savings when you build, as you only pay stamp duty on the land and footings," he said.

"First home buyers also have access to the First Home Owners Grant, which offers up to \$15,000 to those who build or purchase newly constructed homes.

"Homebuyers who decide to build also have the opportunity to select a brand new home with features they want in a house, rather than moving into someone else's vision.

"For renters though, it can be difficult to cover the costs of a mortgage when the house is being built, while also keeping up with rental payments."

But Mr Oliver said housing construction loans also offered homebuyers many flexible options, such as not having to make payments until the house is built.

"HomeStart's Construction Loans are unique in South Australia, and require no loan repayments for the first nine months or until construction is complete, making it an attractive choice for first home buyers stuck in the rental cycle.

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 65,000 households into home ownership.

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“The decline in construction loans could be a reflection on the new generation of first homebuyers wanting the immediacy in the homebuying process that they get in every other part of their lives. Building a home can take up to 12 months and be a very complex process.

“There are also many myths in the community about bad experiences with builders. However these negative experiences tend to overshadow all of the positive ones and the large majority of home builders in South Australia offer fantastic service and attention to detail.”

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