

For immediate release
Wednesday, 26 March 2014

Migrant influx can boost flagging SA housing market

Prominent South Australian home loan specialist, HomeStart Finance, believes strong migration growth can drive a recovery of the state's flat property market.

South Australia's overseas migration inflow has increased almost 400% since 2004, from an average of 3,500 per year to 12,400 per year in 2012.

According to figures from the Australian Bureau of Statistics (ABS), only 20% of migrants buy a home in the first five years of settling in Australia, but this rises sharply to 70% in the 10-15 year period. This makes up a large proportion of the first home buyer segment, an area in which HomeStart specialises.

HomeStart's Chief Executive Officer John Oliver said if the industry provided more awareness of services and incentives to bring this demand forward, it could provide a significant boost for the state's slowing property market.

"We've seen an influx of migrants since 2004 largely driven by educational opportunities and a lower cost of living compared to other Australian state capitals," he said.

"The majority of these choose to rent while they settle into their new life in Australia, move into employment and generally establish themselves.

"Encouraging this segment into home ownership sooner could provide a significant boost to the property market where growth has been subdued for some time now.

"Our experience is that many of these families don't always meet the necessary requirements for a home loan. Saving for the deposit is a major hurdle which is why we have low deposit options to overcome this and accept the state government grants towards upfront costs.

"Many families struggle to collect and understand all the required paperwork for a loan application since English is not their first language so we have interpreter services to help clarify our requirements.

"All these elements help facilitate recent migrants into home ownership."

Mr Oliver said that of HomeStart's new lending in the 2013 financial year, 55% were first home buyers. Of those first home buyers, 44% were born outside of Australia.

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 64,500 households into home ownership.

“If the industry can better cater to the needs of the state's growing migrant population, we'll see much more activity in the housing space.”

Filipino migrant Florence Galarita moved to Australia a few years ago and was able to achieve home ownership through the assistance she received from the state government grants - \$23,500 in total – which HomeStart accepted towards her deposit, fees and charges.

In addition, she accessed a low deposit home loan from HomeStart and participated in the Habitat for Humanity program.

Florence said without the various assistance she received, it's likely she would still be caught in the rental cycle.

“The support I received enabled me to achieve home ownership much quicker than would have been possible without it,” she said.

“I am so grateful to everyone who has helped me build a new home and a new life in Australia.”

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 64,500 households into home ownership.