

For immediate release  
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## Young South Aussies building to beat the affordability crisis

More young South Australians are building homes to beat rising house prices and the larger upfront costs associated with buying an established home, according to new figures from the Australian Bureau of Statistics (ABS) and HomeStart Finance.

Housing Finance figures released earlier this week by the ABS showed that in the first quarter of 2016 (January to March), housing construction in South Australia had risen by more than 5% compared with the same period last year.

According to HomeStart Finance data, which represents one in eight South Australian first home buyers, this trend is being driven by home buyers in their 20s, with the lender seeing a 30 per cent increase in construction lending in the last six months for people in the 20-29 age range.

HomeStart Finance's Chief Executive Officer, John Oliver, said it isn't surprising that more young South Australians, many of them first home buyers, are seeing the benefits of building given the cost savings and lifestyle benefits it offers.

"One of the main benefits of building is the grants and stamp duty concessions available, which makes it cheaper to get started than it is when buying an established home," he said.

"Currently, home buyers can access a First Home Owner Grant of up to \$15,000 when building a home, and there may also be off-the-plan concessions available. Combined with the lower amount of stamp duty payable when building, it significantly lowers the entry costs for home buyers.

"In the three months to April, Adelaide house growth was the fastest in the nation growing 4.1 per cent according to the latest CoreLogic RP Data report. That's a pretty daunting prospect for South Australian first home buyers who are scrimping and saving to pull together enough money for a deposit and upfront fees and charges.

"If you're buying a \$400,000 established home, the minimum 5 per cent deposit required by most lenders equates to \$20,000 that you need to contribute, as well as \$19,461 required to cover government fees, including stamp duty. That's a minimum of \$40,000 that home buyers have to have in hand to break into the housing market. When you're on a modest salary and renting, that's extremely challenging."

Mr Oliver said there were other reasons that building a home offered an advantage over buying, including the flexibility to build a home with the features you want, and the cost efficiencies of modern houses.

"One of the greatest benefits is you have the luxury of living in a home that no-one else has ever lived in and, given that everything is new, it is unlikely to require repairs any time soon after moving in," he said.

*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 66,000 households into home ownership.*

“Advances in technology, building design and construction materials mean that new homes are generally more energy efficient than older homes, offering a range of potential long-term savings, not to mention the environmental benefits these advances offer.

“You also have the opportunity to design the house around your needs, and ensure the features, appliances and quality of workmanship are customised to your lifestyle and at a standard you expect.”

Mr Oliver said one of the reasons HomeStart Finance may have seen a sharp increase in home buyers wanting to build is it only requires a 3 per cent deposit and no loan repayments are necessary for nine months or until construction is complete, whichever comes first. Combined with the Government’s First Home Owner Grant and stamp duty concessions, it made building an extremely cost effective way of getting into the market.

## FIGURES AT A GLANCE

- ABS data for the first quarter of 2016 (January 2016 – March 2016) shows there has been more than a 5 per cent increase in housing construction in SA.
- For the 20 -29 year age group, HomeStart data shows there has been a 30 per cent increase in construction loans in the last six months (November 2015 – April 2016), compared with the previous six months (May 2015 – October 2015), and a 20 per cent increase compared with the same period last year.
- The latest CoreLogic RP data shows South Australian house prices grew by 4.1 per cent in the three months to April 2016, the largest growth in the nation.

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