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First-home buyers surge in Victoria

Victoria is experiencing an unprecedented boom in first-home buyer activity on the back of federal and state government grants.

Figures released yesterday by the State Revenue Office showed 4946 home buyers bought their first home in May, the most ever recorded in one month, and helped along by \$91.5 million of government handouts.

Victorian Treasurer John Lenders said the state was in the middle of a first-home buyer boom.

“Victoria has the most generous first-home owner package out of any Australian state,” he said.

First-home owners grants were up 67.5 per cent compared with this time last year and 14.8 per cent compared with April.

“Building new homes with assistance from our governments will also help increase Victoria's housing stock, taking pressure off the rental market.” Only about a quarter of 1352 of grants were for new homes.

Charter Keck Cramer director Robert Papaleo said the numbers partly reflected a rush to beat the federal government's previously stated June 30 cut-off for the first-home buyer scheme. Developers had also taken some months to produce a design aimed at the first-home buyers market, which could also explain the later surge.

“It is a big result,” he said. “The developers have had to take some time to get the right sort of product to the market to match the demand. The type of product they had when the program was announced in October 2008 probably didn't hit the spot so they have obviously been fast tracking the right sort of product.”

Melbourne's suburbs such as Werribee, Point Cook and Derrimut topped the application count at 138 each, followed by Craigieburn and Roxburgh Park.

The Housing Industry Association's Victorian director, Gil King, expects that the number of first-home buyers purchasing new homes will continue to reach record levels between July 1 and September 30. During that time the combined federal and state grant increases to \$32,000 for a new home in metropolitan Melbourne and \$36,000 for a new home in regional Victoria.

Nationally, first-home buyers signing purchase contracts between July 1 and September 30 will continue to receive a base grant of \$7,000 for the purchase of established homes and \$14,000 for the purchase of new homes. Additional grants are also available in many states.

From October 1 to the end of December, the grants will be halved to \$3,500 for the purchase of established homes and \$7,000 for new homes.