

Media Release

5 February 2010

REIA proposes long-term solutions to assist the first home buyer market

The Real Estate Institute of Australia (REIA) has urged the Government to review the amount of the First Home Buyers Grant (FHOG) in its Pre-Budget Submission, so that it maintains its relativity to when it was introduced in 2000.

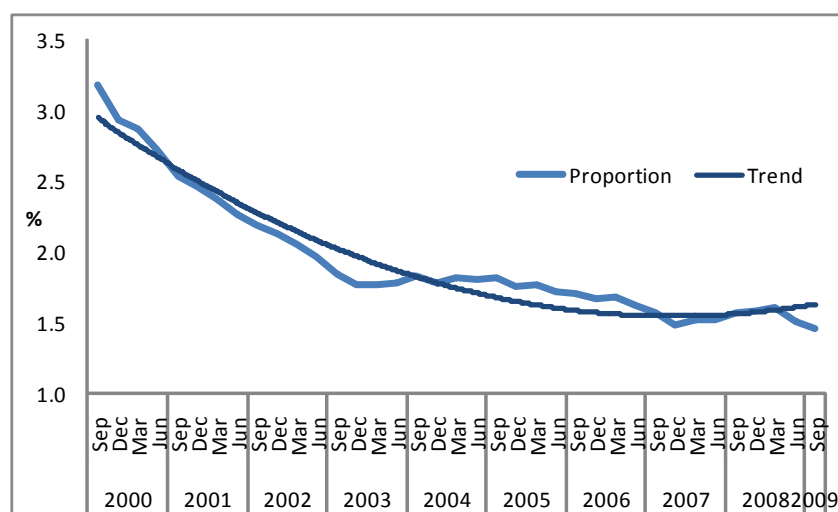
“We are calling on the Government to increase the FHOG to \$15,000, for both new and established homes, and then index the grant to median house price movements annually”, said REIA President, Mr David Airey.

When the FHOG was introduced in July 2000, the Australian quarterly weighted average median house price was \$220,443. The Australian weighted average median house prices in the most recent quarter for which data is available, September 2009, was \$481,310.

“The FHOG is one of the most important housing policy instruments in assisting first home buyers with housing affordability but it needs to be relative to the current market. The median house price has increased by more than \$250,000 in less than 10 years and the grant has not maintained relativity”, continued Mr Airey

The graph below shows the contribution of the grant towards the purchase price has more than halved from 3.2% to 1.5% over the period. The proportion of the FHOG in median house prices exhibits a downward trend since the introduction of the grant.*

PROPORTION OF FHOG TO MEDIAN HOUSE PRICES



Additionally, as part of a package of measures to address the affordability problem, REIA has proposed that the Commonwealth Government establish a scheme which would encourage young Australians to



Media Release continued

contribute to voluntary superannuation by allowing access to these resources for the purposes of raising a deposit for a first home.

The scheme would be an adjunct to the First Home Savers Account but would allow flexibility for the saver to decide whether all or part of the voluntary superannuation payments was needed to augment the home purchase.

“Although the Boost has helped the participation of first home buyers in the market, it was a short term measure and we need to be looking at long-term solutions”, concluded Mr Airey.

**Except in those states/territories which have stamp duty concessions for first home buyers, when stamp duties are taken into account the decline is even more marked.*

The Real Estate Institute of Australia (REIA) is the national professional association for the real estate sector in Australia. For further information or interview opportunities, please contact:

David Airey	REIA President	0418 906 002
Neil Fisher	REIA CEO	0412 637 550
Rhiannon McClelland	REIA Manager Communications	0421 422 919