



SUNDAY MAGAZINE

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First homes in slump

STAMP duty cuts are failing to lure first home buyers into the market as their numbers tumble to a seven-year low.

First home buyers took out 6488 loans in the three months since the July 1 cut — 5 per cent fewer than the 6824 granted in the same period a year earlier and close to half the number recorded in 2009.

Budding new home owners accounted for 15 per cent of all mortgages granted in September, which was down from 17 per cent a year earlier and almost 30 per cent in 2009, according to figures released by the Australian Bureau of Statistics.

Any incentive offered by the

JOHN DAGGE
Property editor

20 per cent stamp duty cut, which amounts to about \$3800 on a \$450,000 purchase, has been erased by the prospect of further falls in property prices and weak consumer confidence.

"First home buyers are subject to the same issues as all home buyers: reduced confidence because of the state of the international economy," Real Estate Institute of Victoria spokesman Robert Larocca said.

"While the 20 per cent cut is welcome, it alone will not — and it really was not supposed to — lead

to revival in the property market."

Croydon renters Andrew Frost, 25, and Leah Ryper, 22, said they were "a long way" from securing their slice of the great Australian dream.

"We do want to be homeowners one day, but it's just not realistic for us to buy at the moment," Mr Frost said.

"A small reduction in stamp duty is not going to change our situation. House prices are way too high."

Barry Plant chief executive Mike McCarthy said lowering stamp duty for first home buyers was only "one piece of the puzzle".

"The stamp duty cut and the

recent interest rate cut are all little pieces, but general consumer confidence is the big one," he said.

"One single factor won't see the market pick up.

"A lot of things need to come together, but our view is that we are near the bottom — if not at it — of the current downward cycle."

Mortgage Choice spokesperson Belinda Williamson said the mortgage broker did not expect to see any rise in first home buyer activity until next year.

"The housing finance market's recovery is reliant on higher demand from first home buyers in the bottom end of the property market, which in turn will spur

greater activity from those looking to upgrade and invest," Ms Williamson said.

"First-time buyers are more cautious with their money.

"We have reached a 24-year high in the household savings rate, to well over 10 per cent of our incomes. Consumers are focusing on deleveraging and saving more."

A recent Commonwealth Bank/Mortgage and Finance Association of Australia survey found Victorians have the most pessimistic outlook for property, with 52 per cent expecting prices to continue to fall in the next year.

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