First-home buyers settle in on the Victoria market

Rebecca Thistlethwaite

First-time home buying is expected to improve this year after falling to 20-year lows in 2013, through state government incentives targeted at new builds.

"We don't expect things to go ballistic or anything... this time last year we were quite pessimistic but I'm feeling much more calmer this year," said Rory Costelloe, managing director of Villa-wood Properties.

First-home buyers made up about 12 per cent of the finance approvals granted towards the end of 2013. The long-term average is about 20 per cent.

Mr Costelloe said the group was gearing up to launch a project on Sydney's fringe in the coming months as the city had an "insatiable" land market.

State government incentives designed to encourage housing construction should increase first-time buying this year, Mr Costelloe said. First-home buyer activity had increased in Victoria's new home market after stamp duty concessions increased to 40 per cent on July 1 last year.

"We've noticed a 50 per cent rise in weekly sales numbers," he said.

Victorian Treasurer Michael O'Brien said more than $850 million had been saved since stamp duty incentives were introduced for first-home buyers in July 2011.

"This financial year alone over 10,000 first-home buyers have saved almost $58 million from the concession," he said.

This year alone we have seen more first home buyers in Victoria than in New South Wales and Queensland combined.

While homebuying activity accelerated in Sydney throughout 2013, first-home buyers have been excluded because of a lack of affordable housing.

The NSW government has also incentivised building a new home through stamp duty concessions and first-home grants. But agent Tony Santo of Laing+Simmons Liverpool said land release was not keeping pace with demand.

"New land releases are critical to meeting current buyer demand, however they need to be fast tracked," he said.

Louis Christopher, managing director of SQM Research, said he had expected more first-home buyer activity in 2013 but was confident that new home incentives and low interest rates would encourage new owners to the market this year.

"They're overdue to be coming into the market," he said. "If we still had incentives for existing homes it would only push up prices, it makes sense for there to be incentives for new home buying.

However, Mr Christopher said there was more room for governments to reform taxes to further improve affordability.

Paul Smith of Loan Market said incentives and concessions differed across the country and there was no "one size fits all" solution. Mr Smith said state governments had two main levers to play with - stamp duty and concession on existing taxes. Both reduce the amount of cash a first-home buyer needs up-front.

Some of the heaviest incentives ever offered were now available for recently built homes, he said, which had begun to lift up job opportunities for first-time mortgage holders towards the end of 2013. "As the prospective pool of first-home buyers grows, we'll eventually see the return of this important consumer group," he said. "The most important thing for first-home buyers to do is to start researching early... not just shopping around for a property they love, but paying attention to your state's buying incentive schemes."

National listings drop

Residential listings around the nation fell in December, down 8.5 per cent compared to the previous month and down 4.3 per cent compared to the same time in 2012. SQM Research figures showed the biggest drop in stock was in Sydney, down more than 26 per cent in December.

Darwin was the only capital to record a yearly increase in stock levels, up nearly 20 per cent on the same time the previous year.

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