FIRST HOME GUARANTEE SCHEME – PETROL ON THE FIRE

Changes on October 1 to help younger buyers into their first home have very significant implications for our housing market.

By lowering the minimum deposit required and removing all annual income earning caps, the scheme now allows First Home buyers to purchase a home on a 5% deposit with no requirement to pay Lenders Mortgage Insurance. The purchase price cap has also been raised from $750,000 to $1M. If a First Home Buyer purchases a new home, they are also eligible for a Qld Government grant of $30,000.

This means a First Home buyer can potentially secure a $1M dollar property with around $55,000 in savings to cover a $50,000 deposit and $35,000 in government fees (less $30,000 from Qld Gov). They have no Lenders Mortgage Insurance to pay as the Government guarantees 15% of the property's value!

The Howard Government introduced the First Homeowners Grant in 2000 although cash grants of $500 were offered to first home buyers by the Menzies government in 1964. Every government stimulus to help young buyers into the market since then, has simply inflamed the housing market. The Australian housing market is regarded globally as one of the least affordable in the world.

Watch property prices under the $1M mark rise rapidly in the coming months with the flow on effect to dearer properties. In years to come, these efforts to try and help more buyers in their own homes may be seen as catastrophic. With the average net wage (after tax) now around $85,000, First Home Buyers will now be paying more than half their annual salary in interest.

Home buyer grants are not solving the affordability problem and tend to benefit existing homeowners with increasing property prices and disadvantage future first home buyers who will be forced to pay more for a home. Governments need to address the chronic supply of housing by reducing fees and charges and streamlining housing approvals.

TESTIMONIAL

I could not have asked for a better team to sell my property. Monica, your personality and professionalism is forefront of your efforts to achieve a wonderful result.

Review submitted by Kath Morrison (Seller) - 9 Carrington Dr, Flaxton - 14 Aug 2025