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MEDIA RELEASE

Industry Welcomes First Home Owner Boost Extension

The Urban Development Industry of Australia (UDIA) has welcomed the Government's Budget decision to extend the First Home Owners Grant (FHOG) Boost for an additional six months, following intensive lobbying by UDIA on behalf of the development industry.

"In a financial and economic environment which saw the Government have to make significant cuts in the Federal Budget, UDIA commends the Government for its strong leadership and recognition of the development and construction industry as a major driver of the Australian economy", said Stephen Holmes, UDIA National President.

The First Home Owners Grant (FHOG) Boost introduced in November has provided an undoubted positive impact on demand in the first home owners market.

According to recent ABS figures in trend terms, the number of commitments for the purchase of new dwellings increased 4.5%.

In original terms, the number of first home buyer commitments as a percentage of total owner occupied housing finance commitments increased from 26.5% in January 2009 to 26.9% in February 2009, the highest proportion since the series commenced in 1991.

"The FHOG Boost is vitally important for both the economy and the industry because economic conditions have seen a serious downturn in the Australian housing market, and this has had catastrophic consequences for the industry."

"With reduced development and construction activity has come job losses. Even with the Boost the industry has shed significant jobs, with 4,500 industry jobs lost in Queensland alone since December. Without the Boost the job losses nationally would have been much higher."

"UDIA believes that the Government can further build on the success of its housing stimulus by introducing a New Home Owners Grant. This proposed grant would provide a cash stimulus for all new residential development activity, one which would create new jobs, encourage investment, deliver much needed new dwellings and deliver economic growth.", Mr Holmes concluded.

For more information and comment, please contact:

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