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Hidden Costs Driving Up Mortgage Stress

Hidden costs and regulatory creep are driving up house prices and the cost of living according to a new report commissioned by Master Builders Australia.

“Surging house prices are stretching household budgets and placing more families under mortgage stress,” Denita Wawn, CEO of Master Builders Australia said today.

A new independent economic study by Cadence Economics and commissioned by Master Builders confirms that hidden land costs and red tape are major factors in rising house prices and increased cost of living.

“It means that new home buyers are actually paying more for land than they are spending on building their new home,” she said.

“The same constraints have prevented the supply of new homes keeping up with demand over the past decade,” Denita Wawn said.

“Previous analysis by Master Builders has shown that increased infrastructure investment outlined in the Federal Budget could result in an additional 93,000 new homes by 2021, which would go a long way to closing the gap with the Government’s estimated housing shortfall of 100,000 dwellings,” she said.

“Now this new report shows that removing regulatory constraints at the state and territory level will be essential to unlocking this new supply,” Denita Wawn said.

Importantly, the report highlights that these problems exist in all states and territories despite the different market conditions that prevail in each jurisdiction and the benefits to these communities if the recommendations are implemented. In particular, the report supports the Governments intentions to place conditions on housing related funding to the State/Territory Governments, and backs calls to set benchmarks in terms of additional housing supply – specifically for affordable housing.

“Master Builders is calling for reforms to unlock the supply of more new homes. We want action to be taken now to preserve home ownership as a mainstay of Australian life,” Denita Wawn said.

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