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Shared Equity: A Lifeline or Trap for First-Time Buyers?

July 22, 2025
— Categories: Real Estate

First-home buyers in Queensland are being offered a new pathway into the property market with the state government's announcement of its **Boost to Buy** shared equity program. It's being marketed as a timely move for younger Australians and working families squeezed out of ownership by high prices and rising interest rates. However, while this may sound like welcome relief, these types of government interventions rarely come without strings attached.

The **Boost to Buy** plan is Queensland's answer to the federal government's **Help to Buy** scheme, both of which are designed to ease the upfront cost burden for home buyers by allowing the government to co-purchase a share in the property. In theory, this reduces the deposit and mortgage needed, enabling eligible buyers to access homeownership sooner. In practice, however, it introduces the government as a stakeholder in private property, a move some see as a worrying overreach.

Under shared equity arrangements, the government chips in a portion of the property's purchase price, often between 20% and 40%, and in return, it owns that same percentage of the property's equity. The buyer must eventually pay back the government's share, typically when they sell or refinance the home. Until then, any growth in the property's value is shared proportionally, meaning a buyer's gain is capped.

Andrew Winter, property expert with **Compare the Market**, notes that while these initiatives can open doors for those without access to family financial help, they may also introduce instability into the market. "Price thresholds tied to government support can unintentionally distort the market," Winter warned. "Properties priced just under those caps are likely to see inflated demand, and values, while anything just over may struggle."

The schemes also raise broader concerns about whether the government should have such a direct role in home ownership, especially in a market already buckling under limited supply and record-high demand. It's no secret that federal and state housing policies have been slow to address the root causes of Australia's housing affordability crisis: undersupply, inflated land values, and bureaucratic bottlenecks in planning and development.

Critics argue that these equity-based schemes are more about headlines than structural reform. Rather than increasing housing supply or incentivizing development, they shift existing demand within a broken system, effectively driving more competition into a market that cannot keep up. With housing stock already strained, the increased buying power offered by government equity might simply push prices higher across key segments.

Moreover, the potential lack of clarity for Queenslanders, who may be eligible for both the state and federal schemes, adds confusion for would-be buyers. Without transparent comparisons or guidance, individuals may be left unsure which program suits their long-term financial interests. While both initiatives appear to offer similar terms, differences in eligibility, price caps, and geographic reach could significantly impact outcomes.

In an environment where land parcels in inner-city areas are fetching nearly $1.8 million and average income earners are being priced out of entire suburbs, these government schemes may feel like a drop in the ocean. At best, they are a temporary relief for a select few. At worst, they risk creating a two-tiered housing market where the government plays landlord, partner, and policymaker, often with conflicting incentives.

While it's a step in the right direction to acknowledge the plight of first-time buyers, real reform must go beyond shared equity and address supply bottlenecks, tax burdens on development, and infrastructure delays. Until then, programs like Boost to Buy and Help to Buy might do more to treat the symptoms than cure the disease.