

National homebuyer confidence remains strong; dips for first time since March 2014

- **The Genworth Homebuyer Confidence Index fell slightly to 98.2 from 99.6 in September 2015, after three consecutive increases since March 2014;**
- **Despite the RBA official cash rate remaining on hold since May 2015, fewer Australians believe it is a good time to buy property, 42 per cent in March 2016, down from 48 per cent in September;**
- **Accessibility, not affordability, remains the key barrier to homeownership for first homebuyers, despite low interest rates and improvement in affordability.**

(SYDNEY) 31 March 2016 – Now in its sixth year, the Genworth *Streets Ahead* report tracks the Homebuyer Confidence Index (HCI), a measure of consumer sentiment towards the housing and mortgage market. The report is based on the findings of an online survey of over 2000 consumers and validated by a panel of experts from the mortgage industry.

The Genworth HCI remains near record levels, despite easing over the past six months. The decrease was mainly driven by an 11 per cent increase in the proportion of homeowners who have experienced mortgage stress, a 13 per cent increase in the proportion of homeowners who expect mortgage stress and a 13 per cent decrease in the proportion of respondents who believe now is a good time to buy a home.

“The proportion of those who believe it is a good time to buy a home has fallen to 42 per cent, from 48 per cent six months ago. This sentiment is even more pronounced amongst investors, with those who believe it is a good time to invest in property falling by 18 per cent to 36 per cent in the same period,” commented Bridget Sakr, Genworth Chief Commercial Officer.

“Consumers generally purchase property for two reasons; as a place to reside, in the case of owner occupiers, and/or with a view to obtain capital growth. Speculation, fuelled by media of a housing bubble, an upcoming national election, proposed changes to negative gearing policy and recent changes in lenders’ policy relating to investment loans are some of the likely drivers of this change in consumer confidence,” Ms Sakr said.

Higher property prices in Sydney and Melbourne also continue to negatively impact confidence. In New South Wales, 37 per cent believe it is a good time to buy a home compared to the national average of 42 per cent, and in Victoria, 33 per cent believe it is a good time to buy an investment property compared to the national average of 36 per cent.

For the third consecutive time, *Streets Ahead* research indicates that accessibility (the ability to enter the property market), as opposed to affordability (the ability to meet mortgage repayments), remains the key barrier to purchasing a first home.

“One third of respondents indicated that high property prices are the greatest barrier to homeownership, while a quarter suggested the barrier is saving for a deposit. The difficulty in saving a deposit has increased by 20 per cent since September 2015,” said Ms Sakr.

First homebuyer (FHB) confidence decreased again in March to 93.0 from 98.4 in September 2015, driven largely by a reduction in the number of FHBs believing now is a good time to buy a home, from 67 per cent in September 2015 to 50 per cent.

While fewer FHBs indicated that high property prices are the greatest barrier to homeownership (25 per cent compared to the average of 33 per cent), there has been an increase of 82 per cent over the last 12 months in FHBs who indicated that the biggest barrier to buying a first home is saving for the deposit.

“There is no doubt that saving a deposit remains a key barrier for FHBs looking to enter the market. This clearly indicates there is a need for more consumer education on the many low deposit options available to them, such as Lenders Mortgage Insurance (LMI). It is up to LMI providers, lenders and brokers to ensure prospective FHBs are aware of all of their options when it comes to purchasing a home or investment property,” she said.

And in a bid to make up a deposit, FHBs are increasingly turning to sources other than savings such as credit cards and gifts. In fact, of those FHBs who purchased property in the last 12 months, there was a 43 per cent increase in those who relied on other sources, compared to those who purchased in 2009.

A full copy of the Streets Ahead report can be viewed at genworth.com.au

About the Genworth HCI

The Genworth HCI considers the proportion of monthly income used to service debt, the maximum loan-to-value ratio borrowers are comfortable with, their repayment history over the last 12 months and expectations for the next 12 months and whether respondents think it is a good time to buy property.

This is the tenth year Genworth has undertaken in-depth consumer research into the housing and mortgage market and the sixth year it has produced the Genworth HCI.

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About Genworth

Genworth Mortgage Insurance Australia Limited (Genworth), through its subsidiary companies Genworth Financial Mortgage Insurance Pty Ltd and Genworth Financial Mortgage Indemnity Ltd (together, the Genworth Group or the Group), is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage lending market. The Genworth Group has been part of the Australian residential mortgage lending market for 50 years since the Housing Loans Insurance Corporation was founded by the Australian Government in 1965 to provide LMI in Australia. Genworth is currently a subsidiary of Genworth Financial, Inc. and part of the Genworth Financial, Inc. group of companies. The Genworth Financial, Inc. group of companies' current ownership interest in Genworth is approximately 52% of the issued shares in Genworth.