

Genworth survey: access to affordable housing key to brokers, lenders

(SYDNEY) 21 November, 2013 – Genworth’s annual study of the Australian mortgage industry has shown that almost half (45%) of the brokers surveyed believe that helping Australians overcome the lack of access to affordable housing will be one of the biggest challenges facing the mortgage industry over the next five years.

The Home Grown survey of 356 brokers, lenders and industry leaders, found that brokers and lenders believe that housing affordability will be a bigger issue in the next five years than it has been in the previous five-year period.

In addition, lenders expect the market could also be impacted by a weak domestic economy (43%), housing affordability (37%) and regulatory impacts (37%) moving forward.

“The recent resurgence of growth in property prices has likely led to a situation where mortgage industry participants are concerned about how housing affordability will affect certain segments of their customer base,” said Bridget Sakr, chief commercial officer of Genworth Australia.

“Around one in two brokers surveyed wrote fewer loans to first homebuyers over the previous 12 months when compared with the preceding 12 month period.

“This suggests that prospective first homebuyers continue to experience difficulty in entering the property market and this issue is negatively affecting the amount of business brokers are writing for this group,” said Bridget Sakr.

Lenders and brokers alike expect that borrowers will increasingly use technology to apply for mortgages, with the majority expecting an increase in the volume of mortgages sold through both online channels (90% and 65% respectively), and through mobile devices (74% and 50% respectively) over the next five years.

However, industry experts interviewed for the study agreed that “the automatic online loan is a long way away” as mortgages are “too complicated for digital channels.”

“The online arena provides a platform for innovation and differentiation in a competitive market,” said Bridget Sakr. “The ongoing digitalisation of the sector is likely to continue.”

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Four out of ten lenders (41%) agreed that removing or reducing stamp duties will be the one government change that would benefit the mortgage market. Three out of ten (30%) brokers agreed with this assertion.

“However, many participants also argued that removing or reducing stamp duties would only drive up prices and impact housing affordability further,” said Bridget Sakr.

“The sector is clearly very concerned about the issue of housing affordability and how it is going to affect the mortgage market moving forward,” concluded Bridget Sakr.

The *2013 Home Grown* report draws upon quantitative surveys, in-depth interviews and workshop discussions held between August and October 2013 to offer insights on the mortgage industry from brokers, lenders and industry experts.

A copy of the full report can be found at <http://www.genworth.com.au/homegrown/>

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Genworth Australia is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage market. For almost 50 years, Genworth and its predecessor business has been supporting the Australian mortgage industry by prudently enabling borrowers to purchase a home with less than a 20 per cent deposit. By utilising LMI, lenders are able to provide loans to these borrowers with small deposits at competitive market interest rates. In partnership with over 100 lenders, Genworth helps borrowers to get into their homes sooner and helps to keep them there.