

FIRST HOME BUYERS TAKING 'NOW OR NEVER' APPROACH TO HOMEOWNERSHIP

- **Two in three FHBs think now is a good time to buy, and 91% expect house prices to increase**
- **73% of FHBs intend to buy property with a deposit of less than 20%**
- **Bank of mum and dad remains an option, but FHBs concerned about family relationships**

28 August 2021: Australian First Home Buyers (FHBs) are pulling out all stops to get their foot on the property ladder before a rising market puts homeownership out of reach, according to the latest Genworth First Home Buyer report.

Embracing a 'now or never' approach, almost three in four FHBs are now seeking to enter the market with a deposit of less than 20% (73%), and the majority with less than a 15% (56%). Most don't care about the type of home they purchase just so long as they own property (77%). There has also been a 7% annual uplift in FHBs targeting more affordable properties outside of capital cities, also spurred by the pandemic.

Among the two in three FHBs that think now is a good time to buy, 91% believe that property prices will rise, and the fear of missing out and the desire to capture expected capital growth are creating a growing sense of urgency.

Underscoring FHBs' desire to move quickly, almost half have secured loan pre-approval from their main financial institution, up more than 10% from 2020, and three in four have established their borrowing capacity or are already in the process of doing so.

Genworth Chief Executive Officer, Pauline Blight-Johnston, said: "First Home Buyers find themselves at an inflection point. They're doing everything within their power to avoid homeownership slipping through their fingers in a market where interest rates are low and prices are booming."

"It's taking longer to save for a deposit with house prices increasing, and we are seeing more First Home Buyers circumvent that roadblock by seeking to enter the market with a lower deposit. First Home Buyers are also telling us they're feeling financially stretched and almost six in 10 are losing hope altogether."

"Given a sharply growing sense of urgency, it's no surprise to see more than nine in 10 recent home buyers saying they are relieved to realise their dream of homeownership."

In line with the proportion of FHBs planning to buy a property with less than a 20% deposit, four in five indicated a likelihood of using Lenders Mortgage Insurance. To bridge the deposit gap, almost one in seven are also planning to tap into the bank of mum and dad.

Among those who intend to ask their parents or family for financial assistance, more than eight in 10 believe they will be happy to offer help. However, 63.4% of these FHBs believe this is a sign that they have failed and 58% say it has put a strain on their family relationships.

Pauline Blight-Johnston said, “We’re seeing interest in Lenders Mortgage Insurance increasing, which is no surprise given the research reveals that a deposit of 20% or less is now the pathway of choice for the majority of First Home Buyers”.

“The research also reveals that the bank of mum and dad is a viable pathway for many looking to buy their first property, but it’s clear that taking this route can be fraught with emotional complications.”

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About the Genworth First Home Buyer Report

- The findings of a survey (commissioned by Genworth and undertaken by CoreData) during the period April 2021 to May 2021
- 2,077 Prospective First Home Buyers and 1,008 Recent First Home Buyers across Australia, including all capital cities and regional areas
- Desktop research and analysis undertaken by CoreData.

Who constitutes a Prospective First Home Buyer?

A Prospective First Home Buyer (or Prospective FHB) is defined as someone who is looking to buy their first property in the next 24 months.

Who constitutes a Recent First Home Buyer?

A Recent First Home Buyer (or Recent FHB) is defined as someone who has bought their first property in the previous 24 months.

To download a copy of the Genworth First Home Buyer Report (August 2021) go to: www.genworth.com.au.

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About Genworth

Genworth Mortgage Insurance Australia Limited (Genworth), is a leading Lenders Mortgage Insurance (LMI) provider in Australia. With over 50 years of expertise in the Australian residential mortgage market, Genworth issued 76,557 insurance policies in 2020 that secured home loans valued at \$31.6 billion.

LMI facilitates residential mortgage lending by transferring risk from lenders to LMI providers, predominantly for high loan-to-value ratio loans. We work with our lender customers, regulators and policy leaders to promote a stronger and more sustainable housing market in Australia.