



Media release

The dream of home ownership remains alive and well amongst Australian millennials

Home ownership remains a top priority for more than 90 per cent of millennials

Sydney, 10 October 2019: Findings from a study entitled the Millennial Homeownership Survey, released today by customer-owned Gateway Bank and Genworth Insurance Limited (Genworth) have shed light on Aussie millennials' perceptions of the housing market.

The survey of 2,127 millennials across Australia revealed that a sweeping majority (94 per cent) consider home ownership to be important. More than half of these millennials (52 per cent) do not own property and another 40 per cent own a property with a mortgage. This is consistent with independent studies that indicate an ongoing decline in home ownership rates amongst millennials^[1].

Millennials remain undeterred by the statistics and continue to aspire to home ownership, with 66 per cent who do not own property wanting to buy within the next five years and 58 per cent currently saving up for a deposit.

The predominant reason given (58 per cent) for wanting to own a home is the sense of 'stability and security' that home ownership provides, followed by the beliefs that property remains a good investment despite recent home price depreciation (48 per cent) and that renting is a waste of money (46 per cent).

Of the six per cent who do not think home ownership is important, 44 per cent think it's too much of a financial burden and 42 per cent do not think it's achievable in their lifetime.

Despite their desires, a majority of millennials are facing barriers to achieving their hopes of immediate entry into the property market, with over half (58 per cent) unable to afford the deposit right away.

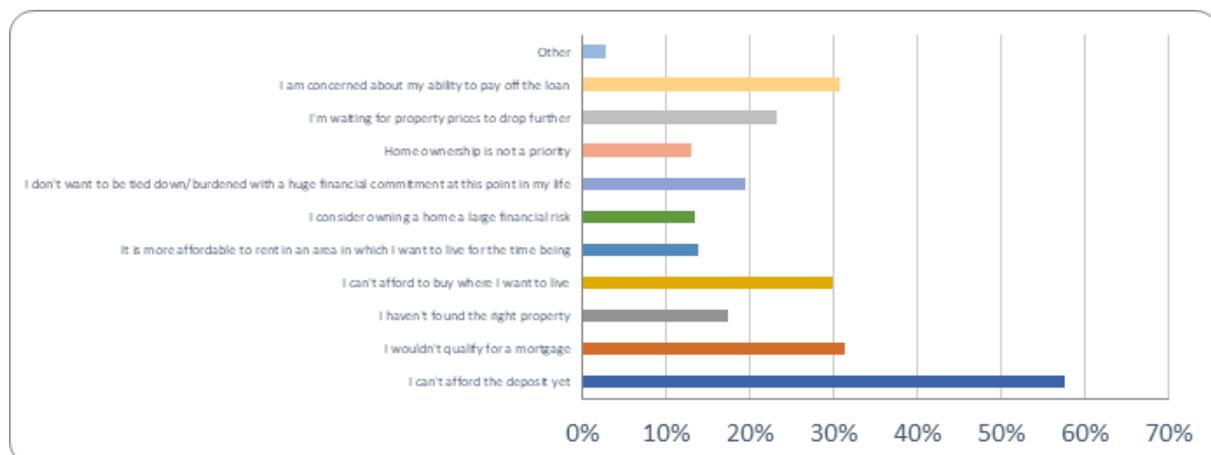


Figure 1 Biggest barriers preventing millennials from purchasing a home immediately

^[1] Grattan Institute, 2018

Not being able to save for a deposit remains the top barrier when looking in the longer term, with 49 per cent believing it to be the main block to home ownership and over a third (36 per cent) are priced out of their dream location.

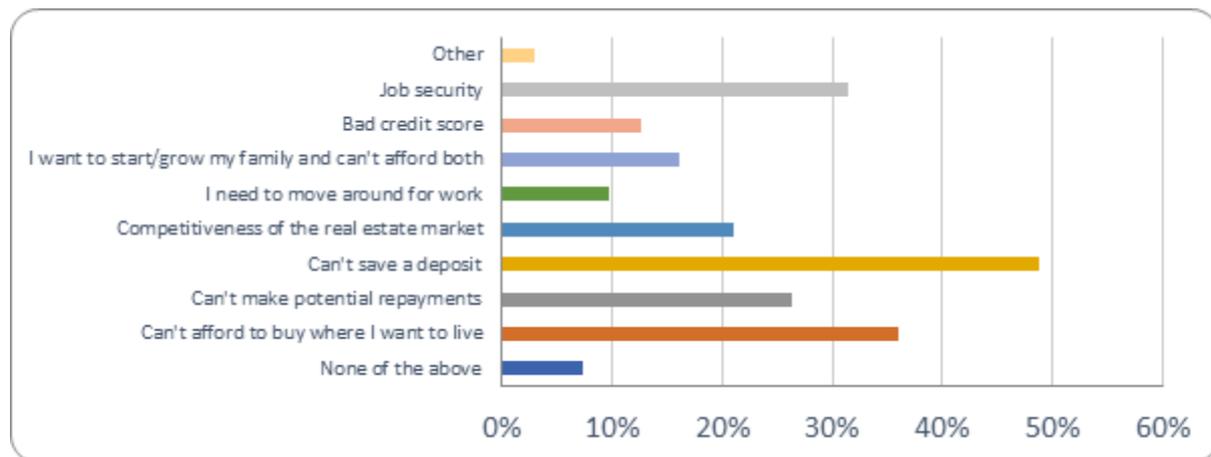


Figure 2 What do you think are the biggest barriers to you owning your own home?

Lexi Airey, CEO at Gateway Bank, believes that while market conditions have made it more difficult to enter the property market, it's still achievable.

"It's clear that home ownership is front of mind for millennials, with 58 per cent currently saving up for a deposit to buy their own home. Though it's more challenging than ever before to get a foot on the property ladder, there are options available that can help millennials achieve their goals sooner,"

"Maximising their savings potential by setting up a dedicated savings account with restricted access – think about repurposing a Christmas Club account, for example – or by shopping around for the best interest rates could make a big difference. Those in the position to get a helping hand from their relatives might want to consider a Family Pledge home loan, which can accelerate their journey to owning a home,"

"Additionally, first home buyers should look into the government's First Home Owners Grant initiative and check to see if they're available from stamp duty concessions."

Knowledge of Lenders Mortgage Insurance (LMI) amongst the millennial cohort was low, with a majority (57 per cent) claiming they had never heard of LMI and 11 per cent not knowing whether they had heard of it. Low levels of awareness may be the reason why almost one third (31 per cent) of respondents don't think they'd qualify for a mortgage and a majority (58 per cent) believe they can't afford the deposit yet. Only 32 per cent of respondents had heard of LMI.

Of those who had heard of LMI, almost a quarter (23 per cent) were not aware that LMI would enable them to purchase a home with less than 20 per cent deposit. Interestingly, 36 per cent of LMI-aware respondents did not know that it could be built into their home loan and paid as part of their regular mortgage repayments.

Genworth CEO and Managing Director, Georgette Nicholas, said that we need to ensure that millennials are aware of the options available to them as prospective young homeowners, that does not require them to postpone buying a home for up to a decade as they try to save up that elusive 20 per cent first home deposit.

"We understand the challenges millennials face in saving the 20 per cent deposit typically required by lenders. For more than 50 years we have been working with our lenders, such as Gateway Bank, to help young Australians secure a home loan sooner, with less than a 20 per cent deposit, thereby enabling them to save on rent and achieve their dream of home ownership."

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About the research

The research, commissioned by Gateway Bank and Genworth and conducted by YouGov Galaxy, was compiled through a survey, which polled 2,127 Millennials, aged 23-38 years, across Australia in April 2019.

About Gateway Bank

Founded in 1955, with just one employee and a briefcase, Gateway Bank is now one of Australia's leading customer-owned institutions. We put people before profits; 100% of profits are used to benefit our customers. To find out more, visit: www.gatewaybank.com.au

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 per cent of the issued shares in Genworth.