



MEDIA RELEASE

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More first time buyers enter housing market but still face long battle to save for deposit

There are possible signs of early 'green shoots' among Australia's first time buyers with almost 95,000 purchases made in the year to August 2017, the highest figure since June 2015.

A new national report from Bankwest reveals there were 94,135 first homes bought in the year to August 2017, a year on year increase of 5.6%. This figure accounts for 14.3% of all purchases over the same period.

Despite these encouraging signs and a slightly cooling property market, the *2017 Bankwest First Time Buyers Report* shows the amount of time Australian first time buyers will take to save for a deposit is still on the increase. The report shows first time home buyer couples (FTB) will have to save for an average of 4.6 years to accumulate the \$111,080 needed for a 20 per cent house deposit on a median priced home. This is three months longer than in 2016 (4.4 years) and a \$7,173 increase on the \$103,907 deposit required last year.

Bankwest General Manager Personal & Small Business Banking, Donna Dalby said in Australia's major cities it was taking FTB couples on average two months longer to save to get their foot on the housing ladder, a fact seen in every major city except Perth and Darwin.

"Perth and Darwin as cities buck the national trend, being the two places where the savings times for first time buyers have dropped year on year. Perth's house prices have dropped by 4.3% which means the saving time to get the 20 per cent deposit of \$103,046 (down \$4,627 from 2016) has dropped by three months to 3.9 years.

"Likewise WA as a whole is the most accessible mainland state for first time buyers. Our report shows in WA it takes 3.6 years to save the necessary \$94,651 deposit," she added.

"Low interest rates and a 6.9% increase in house prices with sluggish wage growth of only 2% during the same period are making it increasingly difficult for first time buyers to get a foot on the property ladder.

"While lower interest rates are beneficial for those who already own their homes in the form of lower loan repayments and interest, they can also bring more buyers into the market and this can drive up house prices, making home ownership less affordable for first time buyers."

The report also shows that FTB couples could do well to consider opting for a unit rather than a house as a first home. The average savings time for a unit across Australia is 4.2 years, 5 months less than the savings time for a house.

"Everyone dreams of having their own house but medium and high density housing is on the increase across the country and can offer a noticeably quicker route to home ownership than aiming at a house purchase," said Donna.



And while units can offer a quicker route to a first home, those in no hurry could look to try to buy in Perth's Peppermint Grove, the local government area (LGA) with the longest savings time in the whole nation.

The salubrious suburb takes this unenviable title with a saving time of 21.2 years to save the \$672,944 deposit need to put down a deposit (down from 21.7 years a year ago). The suburb of Mosman on Sydney's north shore is threatening to end Peppermint Grove's long reign, with the average couple needing 20.4 years to save a deposit – four years longer than in 2016. This is largely due to Mosman house prices appreciating by almost a third (29.8%) in the year to June 2017.

At the other end of the scale the LGA of Dundas in south eastern WA is the area with the shortest saving time – just 0.7 years are needed to save the necessary 20% deposit of \$16,346.

Donna said the First Time Buyers Report had been produced as part of Bankwest's ongoing commitment to offer insights on economic data, trends and issues of value to its customers, businesses, communities and policy makers.

"Bankwest has been supporting the prosperity of customers, businesses, communities and the economy for over 122 years and we'll continue to do so in this fast changing world.

"We offer a constructive voice on the economy with insights on economic data, trends and issues which matter to our customers, businesses, communities and policy makers," she said.

Key findings of the Bankwest Financial Indicator Series' First Time Buyers Report 2017:

- 94,135 first homes were purchased in the year to Aug 2017, a 5.6% YoY increase and the highest figure since June 2015.
- First time purchases accounted for 14.3% of all purchases in the year to Aug 2017, up from 13.3% in 2016.
- FTB couples will need more time to save in 2017 in 85.5% (360 of 421) of LGAs across the nation.
- Nationwide, only 13.5% (57 out of 421) of LGAs require less than two years to save a 20% deposit on a median priced house, down from 18.1% (76 out of 421) in 2016. This is largely due to an additional 10 NSW LGAs moving above the two years to save threshold in the year to June 2017.



First time buyer deposit trends by state/territory

LGA Name	Years to save house deposit (June 2017)	Years to save house deposit (June 2016)	Years to save house deposit (June 2012)	Change over 1 year	Change over 5 years	Savings needed for 20% house deposit \$s (June 2017)
ACT Houses	4.6	4.3	3.7	0.3	1.0	\$130,896
NSW Houses	6.0	5.5	3.8	0.5	2.1	\$148,281
NT Houses	4.2	4.5	4.0	-0.3	0.3	\$109,433
QLD Houses	4.0	3.9	3.3	0.1	0.7	\$92,240
SA Houses	3.8	3.8	3.2	0.0	0.6	\$80,985
TAS Houses	3.1	3.0	2.9	0.1	0.2	\$61,352
VIC Houses	5.4	4.9	3.8	0.6	1.7	\$126,187
WA Houses	3.6	3.8	3.2	-0.2	0.4	\$94,651
Australian Houses	4.6	4.4	3.5	0.2	1.1	\$111,080

() Saving time for 2017 and 2016 has been modelled using CoreLogic Valuation Model, 2012 saving times modelled Residex Valuation Model*

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About Bankwest

Bankwest provides personal and business banking solutions for more than 1.1 million retail and business customers across Australia. Bankwest customers enjoy access to an extensive network of stores and business centres, direct and third party distribution channels, agencies and electronic banking facilities, as well as 24-hour telephone and internet banking. Bankwest is a division of the Commonwealth Bank of Australia.

About the report

The Bankwest First Time Buyer Report tracks the time it would take first time buyers to save a deposit for a home in 421 local government areas (LGAs) across Australia in the five years to June 2017. The report quantifies how long it would take a first time buyer to save a 20% deposit based on local incomes, local house prices and assistance from the First Home Owners Grant, where available, by state.

The insights in the report have been derived by CoreData based on data from CoreLogic, Australian Bureau of Statistics (ABS), the 2011 and 2016 Census, and the Reserve Bank of Australia. For more information on the data sources and methodology, please see the Editor's Notes in the full report.

Deposit saving times have been calculated on the basis of a first time buyer couple setting aside 20% of their combined pre-tax income annually. The calculation assumes the savings are deposited into an online savings account each month and earn interest on this basis.