



MEDIA RELEASE

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Increase in first time buyers in NSW despite enduringly challenging housing market

An increase in the number of first time buyers getting on to the housing ladder in New South Wales is a glimmer of light in otherwise what is still a challenging market.

A new national report from Bankwest reveals in the year to Aug 2017 (based on ABS data) growth in first time buyers (FTBs) of some 5.1%, bringing the total number of FTB purchases to 17,844 for the year. This is the largest increase since November 2014.

Despite this the *2017 Bankwest First Time Buyers Report* shows NSW FTBs still face an uphill battle to get their first property with the average couple having to save for six years to get the necessary \$148,281 for a 20% deposit on median priced house. This time span is an increase of six months from this time last year.

And the news is no better at a city level with wannabe Sydneysiders having to save for 8.2 years (up eight months on last year) to save the necessary \$215,133 deposit. This makes both NSW and Sydney the country's most inaccessible state and city for FTBs.

Bankwest General Manager Personal & Small Business Banking, Donna Dalby said NSW's FTBs are at the mercy of a number of factors.

"The main reason for this increased savings time at both the state and city level is an increase in house prices compared to increases in wages. House prices went up by 10.7% in NSW whereas wages only rose by 2%.

"All this means the average savings time for a NSW home is 1.4 years more than the national average," she added.

Perhaps not surprisingly, the challenging nature of the NSW market means home owners are considering other options, such as a looking outside the top end of Sydney's housing market and into more humble avenues. This is reflected in the fact that the average house loan size for NSW FTBs was a relatively modest \$368,500¹ in the year to June 2017.

The report also shows that Sydney FTB couples could do well to consider opting for a unit rather than a house as a first home. The average saving time for a unit across Australia is 4.2 years, 5 months less than the savings time for a house. In Sydney the saving time for a unit is 5.9 years, 2.3 years less than the saving time needed 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.

¹ ABS 5609



And while units can offer a quicker route to a first home, those in no hurry could look to try to buy in Sydney's Mosman area. FTBs there will require an average of 20.4 years to save a median deposit of \$795,408, making the area the second least accessible in the nation behind WA's Peppermint Grove. The significant four-year rise in saving time in the year to June 2017 was driven by a 29.8% increase in Mosman median house prices.

Remarkably however, the nation's largest year-on-year increase was in Hunters Hill where it takes 4.1 years longer for a couple to save the \$682,678 deposit on a median priced house relative to last year.

Donna said the ninth annual 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. I hope this annual report, which provides a snapshot of the country's housing market in 2017, demonstrates this," she said.

Key NSW and national findings of the Bankwest First Time Buyers Report 2017:

- **New South Wales**
 - FTB couples in NSW will require an average of 6.0 years to save a deposit on a median priced house (up six months from 5.5 years in 2016), the longest saving time in the country.
 - FTB couples in Sydney will need 8.2 years to save the \$215,133 deposit required to purchase a median priced house, 3.3 years longer than the capital city average of 4.9 years.
 - NSW boasts the lowest proportion of FTBs in the nation in 2017, with FTBs only accounting for 8.1% of new total dwellings purchased.
 - NSW is home to eight of the nation's top 10 LGAs where it takes a FTB couple longest to save.
 - This year marked the first year that all LGAs east of Parramatta require 10 years or longer for Sydney FTB couples to save a deposit on a median priced house.
- **National**
 - 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.

Top 10 NSW LGAs where it takes the most time for FTB couples to save a house deposit

LGA Name	Years to save house deposit (June 2017)	Years to save house deposit (June 2016)	Years to save house deposit (June 2012)	Region	State	Savings needed for 20% house deposit \$s (June 2017)
Mosman	20.4	16.4	12.2	Sydney	NSW	\$795,408
Hunters Hill	18.6	14.5	10.1	Sydney	NSW	\$682,678
Strathfield	18.3	15.8	9.6	Sydney	NSW	\$488,376
Woollahra	16.7	15.1	11.1	Sydney	NSW	\$675,874
Waverley	15.4	14.0	9.7	Sydney	NSW	\$556,148
Willoughby	15.0	13.9	8.4	Sydney	NSW	\$498,572
Burwood	15.0	14.4	8.9	Sydney	NSW	\$354,772
Lane Cove	14.0	13.0	8.3	Sydney	NSW	\$485,387
Ku-Ring-Gai	13.9	12.6	7.7	Sydney	NSW	\$443,125
Randwick	13.8	12.9	8.6	Sydney	NSW	\$426,550

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

Top 10 NSW LGAs where it takes the least time for FTB couples to save a house deposit

LGA Name	Years to save house deposit (June 2017)	Years to save house deposit (June 2016)	Years to save house deposit (June 2012)	Region	State	Savings needed for 20% house deposit \$s (June 2017)
Bogan	1.2	1.2	1.2	North Western	NSW	\$29,680
Coonamble	1.3	1.2	0.8	North Western	NSW	\$25,617
Broken Hill	1.4	1.0	1.1	Far West	NSW	\$30,881
Cobar	1.5	1.5	1.2	North Western	NSW	\$42,558
Bourke	1.5	1.2	0.7	North Western	NSW	\$36,102
Carrathool	1.7	1.2	0.8	Murrumbidgee	NSW	\$34,219
Warren	1.7	1.3	1.0	North Western	NSW	\$35,764
Murrumbidgee	1.7	1.6	1.2	Murray	NSW	\$33,584
Bland	1.8	1.3	1.2	Central West	NSW	\$40,793
Walgett	1.8	1.5	1.2	North Western	NSW	\$33,999

(*Saving time for 2017 has been modelled using CoreLogic Valuation Model, 2016 and 2012 saving times modelled using 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 ninth annual 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 savings 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.