



MEDIA RELEASE

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Buoyant Victorian housing market causing savings headache for first time buyers

A buoyant Victorian property market has seen first time buyers in the state face the biggest increase in the time needed to save for a deposit for a median priced house across all of Australia.

A new national report from Bankwest reveals Victorian first time buyers (FTBs) are having to save for seven months longer than they did last year, the biggest increase in the country. FTBs have to save for 5.4 years to save the necessary \$126,187 needed for a deposit, up from 4.9 years last year and well above the 4.6 year national average.

Despite this the *2017 Bankwest First Time Buyers Report* shows Victorian FTBs are not being put off from trying to get their foot on the housing ladder with 26,369 first time purchases in the year to June 2017 (roughly stable YoY). Furthermore, more recent data from the ABS shows the number of FTBs buying in the year to August 2017 rose by 3.0% to a total of 27,758 (accounting for 15.1% of all homes purchased in the same period).

Bankwest General Manager Personal & Small Business Banking, Donna Dalby said Victoria's FTBs have been responding to a number of factors.

"Victorian house prices rose by 14.0% in the 12 months to August 2017 but also in 2017 we saw the introduction of stamp duty discounts for Victorian first time buyers on properties up to \$750,000.

"While Victorian wages only grew by 2% this stamp duty discount will have encouraged first time buyers into the market. There were approximately 3,162 FTBs in Victoria in the month of August 2017 alone, the highest number since December 2009," she said.

At a Melbourne city level the news is similarly challenging with the report showing it takes more than four years for FTBs to save for a deposit in every local government area (LGA) in the city - the first time in the history of the report. Two in three (67.7%) LGAs require FTBs to save for more than six years, up from 54.8% in 2016.

FTB couples in Melbourne will need an average of 6.4 years to save the \$153,008 deposit needed on a median priced house, eight months longer than in 2016 (5.7 years) and 1.5 years above the capital city average of 4.9 years.

While most FTB couples will be looking to get a house as quickly as possible, those in no hurry could look to try to buy in Melbourne's Boroondara area. FTBs there will require an average of 15 years to save a median deposit of \$436,738, making the area the least accessible in the state. The saving time here rose by 1.4 years YoY, driven by a 12.8%¹ increase in Boroondara median house prices.



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

- **Victoria**

- Victorian FTB couples will need an average of 5.4 years to save a deposit on a median priced house, up seven months from 4.9 years in 2016 and well above the national average of 4.6 years.
- Melbourne FTB couples will need to save for an average of 6.4 years for a deposit on a median priced house, up eight months from 5.7 years in 2016.
- The saving time for a house deposit in Victoria is the second highest in the nation, behind only NSW.
- The rise in savings times across the state is largely due to strong property price growth of 14.0%¹ in the year to June 2017, against wage growth of just 2.0%.
- All Melbourne LGAs require FTB couples to save for longer than four years for a house deposit.
- Close to two in three (67.7%) Melbourne LGAs require longer than six years to save for a deposit on a median priced house, up from 54.8% in 2016.

- **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.

¹ Insights derived by CoreData based on CoreLogic data



Top 10 Victorian 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)
Boroondara	15.0	13.6	8.5	Melbourne	VIC	\$436,738
Stonnington	12.2	11.8	8.6	Melbourne	VIC	\$385,308
Bayside	11.5	10.8	7.6	Melbourne	VIC	\$351,099
Glen Eira	11.0	9.9	6.8	Melbourne	VIC	\$298,674
Port Phillip	10.5	9.7	6.9	Melbourne	VIC	\$324,756
Manningham	9.8	9.0	5.7	Melbourne	VIC	\$247,227
Monash	9.7	9.1	5.4	Melbourne	VIC	\$230,860
Whitehorse	9.6	8.6	5.4	Melbourne	VIC	\$232,198
Melbourne	8.7	8.2	6.3	Melbourne	VIC	\$232,467
Yarra	8.3	7.9	6.1	Melbourne	VIC	\$252,811

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

Top 10 Victorian 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)
Yarriambiack	1.3	1.1	1.0	Wimmera	VIC	\$23,701
Hindmarsh	1.4	1.2	0.9	Wimmera	VIC	\$25,194
West Wimmera	1.4	1.2	0.9	Wimmera	VIC	\$27,580
Buloke	1.4	1.2	0.9	The Mallee	VIC	\$28,521
Wellington	1.9	2.3	2.3	Gippsland	VIC	\$40,429
Northern Grampians	2.0	1.9	1.5	Wimmera	VIC	\$37,900
Southern Grampians	2.1	2.0	1.9	Western District	VIC	\$41,108
Gannawarra	2.1	1.9	1.6	The Mallee	VIC	\$37,578
Loddon	2.2	1.9	1.3	Central Highlands and Goldfields	VIC	\$38,160
Towong	2.3	2.1	1.7	Northeast	VIC	\$44,367

(*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.