



MEDIA RELEASE

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Lower prices drive WA first time buyers on to the housing ladder

Western Australia's first time buyers are injecting life into the state's property market, fueled by a drop in house prices and the attraction of buying rather than renting.

A new national report from Bankwest reveals there are more first time buyers (FTBs) as a proportion of total buyers in WA than anywhere else in the country.

The *2017 Bankwest First Time Buyers Report* shows WA FTBs made 21.7% of all purchases in the year to June 2017 – the highest proportion in the country. Additionally, more recent ABS data (which falls out of the report's catchment period) shows further growth of 5.1% in the three months to Aug 2017 – making a total of 15,849 first time purchases in the year to Aug 2017.

On top of this WA's FTBs are having to save less time to get their foot on the housing ladder – the only mainland state to experience such a decrease. According to the report it takes the average WA FTB 3.6 years to save the necessary \$94,651 for a 20% deposit, down from 3.8 years last year.

Bankwest General Manager Personal & Small Business Banking, Donna Dalby said WA's first time buyers are taking advantage of a number of factors at play.

"The main reason for this shorter savings time is the fact that house prices declined by 4.5% in the state, the largest decline nationwide. Even though wages only grew by 1.4% during the same period the effect is tangible," she added.

The drop in prices has also had a knock-on effect on how much people in WA are having to borrow to buy their first home. Western Australia was the only state in mainland Australia to see the average loan size for FTB couples decline (by 4.2%) in the year to June 2017.

According to the report Perth remains one of Australia's most accessible capital cities for FTBs, taking the average WA FTB couple just 3.9 years to save the \$103,046 deposit required on their first house (three months less than in 2016 (4.2 years) and one whole year below the capital city average of 4.9 years).

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

The report also shows that Perth 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 saving time for a house. In Perth the saving time for a unit is 3.2 years, down from 3.5 years in 2016, the biggest drop of any city in the country. On a state level it now takes just 3.1 years for a WA FTB couple to save a \$80,283 deposit on their first unit, three



months less than in 2016, a reduction driven by unit prices declining by 7.4% in WA in the year to June 2017.

“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).

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 per cent deposit of \$16,346.

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

- **Western Australia**
 - FTB couples in WA have to save for 3.6 years to save for a 20% deposit on a median priced house, three months less than in 2016 and one whole year below the national average of 4.6 years.
 - FTB couples in Perth have to save for 3.9 years to save a \$103,046 deposit on a median priced house, three months less than in 2016 and one year less than the capital city average of 4.9 years.
 - This makes Perth the third most accessible capital city for FTBs nationwide behind Hobart and Darwin.
 - Saving time for Western Australian units and houses declined by three months, the largest declines for units and houses respectively of all Australian states, retaining WA’s reputation as one of the most accessible states for FTBs.
 - More than four fifths of Perth’s LGAs (82.8% or 24 out of 29) experienced a decline in saving time in the year to June 2017, the most of any capital city nationwide.



- The Goldfields and the Pilbara account for seven of the top 10 most accessible LGAs across Western Australia. Within WA, 16.0% (12 out of 75) of LGAs require less than two years to save a house deposit, behind only Queensland and South Australia.
- Saving times in WA's northern Pilbara region have decreased significantly in the five years to June 2017. The four Pilbara regions featuring in the top 10 list of LGAs with the lowest saving time include the East Pilbara (1.0 year vs 3.8 years in 2012), Ashburton (1.1 years vs 2.6 years in 2012), Port Hedland (1.3 years vs 4.4 years in 2012) and Karratha (1.6 years vs 4.3 years in 2012). House prices in the region have declined by an average of 64.0% in the five years to June 2017, giving Pilbara FTB couples a greater chance of hopping on the property ladder.
- WA is home to four of the 10 most accessible LGAs for FTBs nationwide.
- Excluding Cottesloe, all of WA's top 10 least accessible LGAs experienced a year-on-year decline in saving time. This can be attributed to an average 3.7% fall in house prices in these 10 areas.
- **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 Western Australian 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)
Peppermint Grove	21.2	21.7	19.1	Perth	WA	\$672,944
Cottesloe	10.3	10.1	9.6	Perth	WA	\$375,974
Nedlands	10.2	10.3	9.9	Perth	WA	\$331,032
Mosman Park	8.9	8.9	9.0	Perth	WA	\$259,941
East Fremantle	7.8	8.5	7.4	Perth	WA	\$231,578
Cambridge	7.7	7.8	7.2	Perth	WA	\$248,705
Claremont	7.6	8.8	9.0	Perth	WA	\$247,732
Subiaco	7.3	7.7	7.0	Perth	WA	\$223,495
South Perth	5.7	6.5	6.2	Perth	WA	\$169,102
Vincent	5.7	6.0	5.4	Perth	WA	\$176,588

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

Top 10 Western Australian 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)
Dundas	0.7	0.4	0.7	Goldfields	WA	\$16,346
Coolgardie	0.8	0.8	0.8	Goldfields	WA	\$24,676
East Pilbara	1.0	1.3	3.8	Pilbara	WA	\$43,371
Ashburton	1.1	1.5	2.6	Pilbara	WA	\$57,500
Port Hedland	1.3	2.4	4.4	Pilbara	WA	\$51,768
Merredin	1.4	1.4	1.4	Wheat belt	WA	\$33,865
Karratha	1.6	2.0	4.3	Pilbara	WA	\$62,333
Collie	1.7	1.8	1.7	South West	WA	\$42,979
Ravensthorpe	1.9	1.4	1.6	Goldfields	WA	\$52,906
Wagin	1.9	1.6	1.6	Wheat belt	WA	\$38,877

(*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.