

Bankwest First Time Buyer Report

Spotlight on
Western Australia
2017

making banking easier

bankwest



Thinking about buying your first home?

Buying your first property might be closer than you think. According to the Bankwest First Time Buyer Report, if you started saving today to buy your first property, your dream of home ownership may be less than four years away¹.

The Bankwest First Time Buyer Report tracks the time it takes first time buyer couples to save a deposit on a median priced house or unit across Australia.

This year's report found that the average couple need to save for 3.6 years for a deposit on a median priced \$473,256² house in Western Australia. That's three months less than last year and well below the national average of 4.6 years. This is likely a result of declining house prices in the year to June 2017³.

The average couple in WA saving for their first house will need to save \$94,651 for a 20% deposit, while couples looking to buy in Perth will need 3.9 years to save \$103,046. The great news is, that's one year less than the overall capital city average of 4.9 years.

It's also taking couples less time to save for a house compared to last year in 24 out of 29 local government areas in Perth – the most local government areas of any capital city in Australia.

If you're thinking about buying a unit or apartment, you may find you're able to get on the property ladder even sooner. The average first time buyer couple in WA will need to save for 3.1 years for a \$80,283 deposit on a median priced \$401,413⁴ unit. In Perth, that figure goes up slightly to 3.2 years to save \$83,731 for a \$418,653⁵ unit.

While the Western Australian property market remains relatively accessible to young couples, first time buyers in NSW and Victoria aren't finding it as accessible. In NSW, first time buyers have to save for 6 years to buy their first house, while in Sydney it can take 8.2 years. Victorian couples also have to save for longer - 5.4 years to buy a house in the state, and 6.4 years to buy a house in Melbourne.

You're not alone when it comes to buying your first home. There were 15,256 Western Australian first time buyers⁶ in the market in the year to June 2017. This was a decline of 6.5% compared to the previous year. However, the latest figures from the Australian Bureau of Statistics suggest that first time buyers are re-entering the WA market in recent months, with the number growing by 5.1% to 15,849 between June and August 2017.



Saving a 20% deposit for your first home means that you won't need to pay Lenders Mortgage Insurance.

¹ Individual circumstances will vary. Analysis is based on a WA first time buyer couple earning \$129,373 per year before tax saving 20% of their pre-tax income to raise a required deposit of \$94,651 for a median priced house

² CoreLogic 2017

³ CoreLogic 2017; house price appreciation of 4.5% in the 12 months to June 2017

⁴ CoreLogic 2017

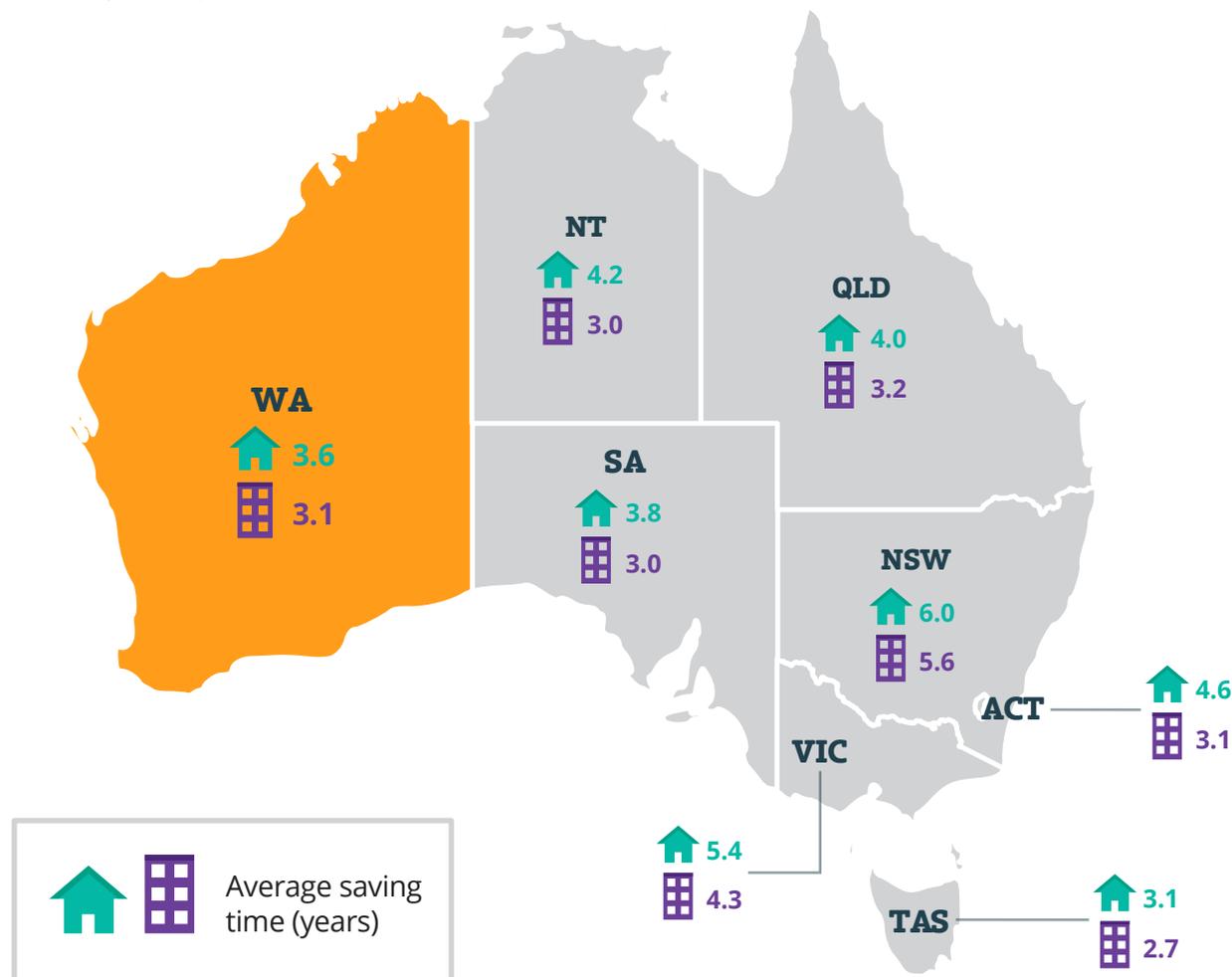
⁵ CoreLogic 2017

⁶ Number of individual first time buyers according to the Australian Bureau of Statistics

How does WA's property market compare to the rest of Australia?

Western Australia is one of the most accessible housing markets in the nation for first time buyers.

It takes the average couple 3.6 years to save a \$94,651 deposit on their first house, and 3.1 years to save a \$80,283 deposit for their first unit. That's certainly below the national average of 4.6 years and 4.2 years respectively.



Methodology

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 analysis examines how long it would take a first time buyer couple to save a 20% deposit based on local incomes, local house prices and assistance from the First Home Owners Grant, where applicable, by state.

The insights in the report have been derived by CoreData, on behalf of Bankwest, based on data from CoreLogic, Australian Bureau of Statistics (2011 and 2016 Census) and the Reserve Bank of Australia.

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.

Your Bankwest Home Loan Specialist can provide you with property and suburb reports for the areas you're looking to buy.

It's taking WA couples less time to save for their first house.

During the last 12 months...

 WA house prices fell by **4.5%**⁷ ▼

 WA unit prices fell by **7.4%**⁸ ▼

 WA wages grew by **1.4%**⁹ ▲

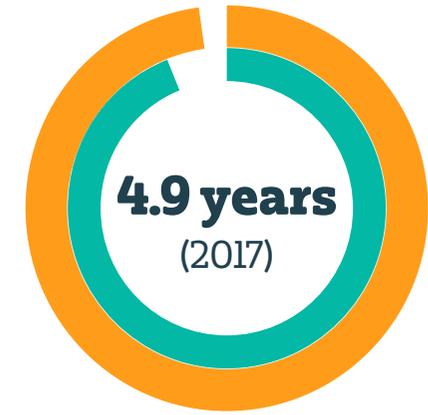
There's good news if you're house hunting in the city.

Perth is one of the most accessible capital cities for houses in the nation, after Hobart and Darwin.

Perth saving time



National capital city saving time



Perth deposit



National capital city deposit



● 2016
● 2017

⁷Insights derived by CoreData based on CoreLogic data (year to June 2017)

⁸Insights derived by CoreData based on CoreLogic data (year to June 2017)

⁹ABS 6345

First time buyers bought one in five properties sold in 2017.

There were more people buying their first home in WA, than any other state last year.

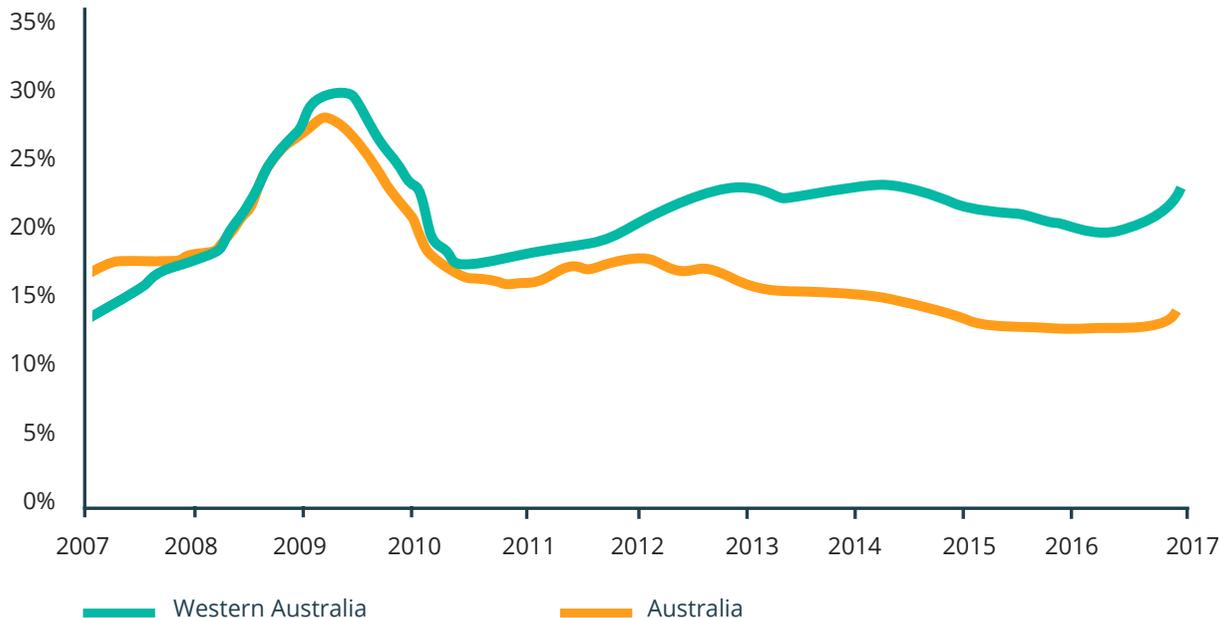
21.7%

of properties in WA were bought by first time buyers.

14.3%

of properties in Australia were bought by first time buyers.

First time buyers as a proportion of total dwellings purchased (2007-2017)



There were 15,256 Western Australian first time buyers in the market in the year to June 2017, 6.5% fewer than last year.

However, the latest Australian Bureau of Statistics figures suggest first time buyers are re-entering the market, with the number growing by 5.1% in the three months to August 2017 to 15,849 annually.



Top five WA areas where it takes the most time to save a house deposit (years)

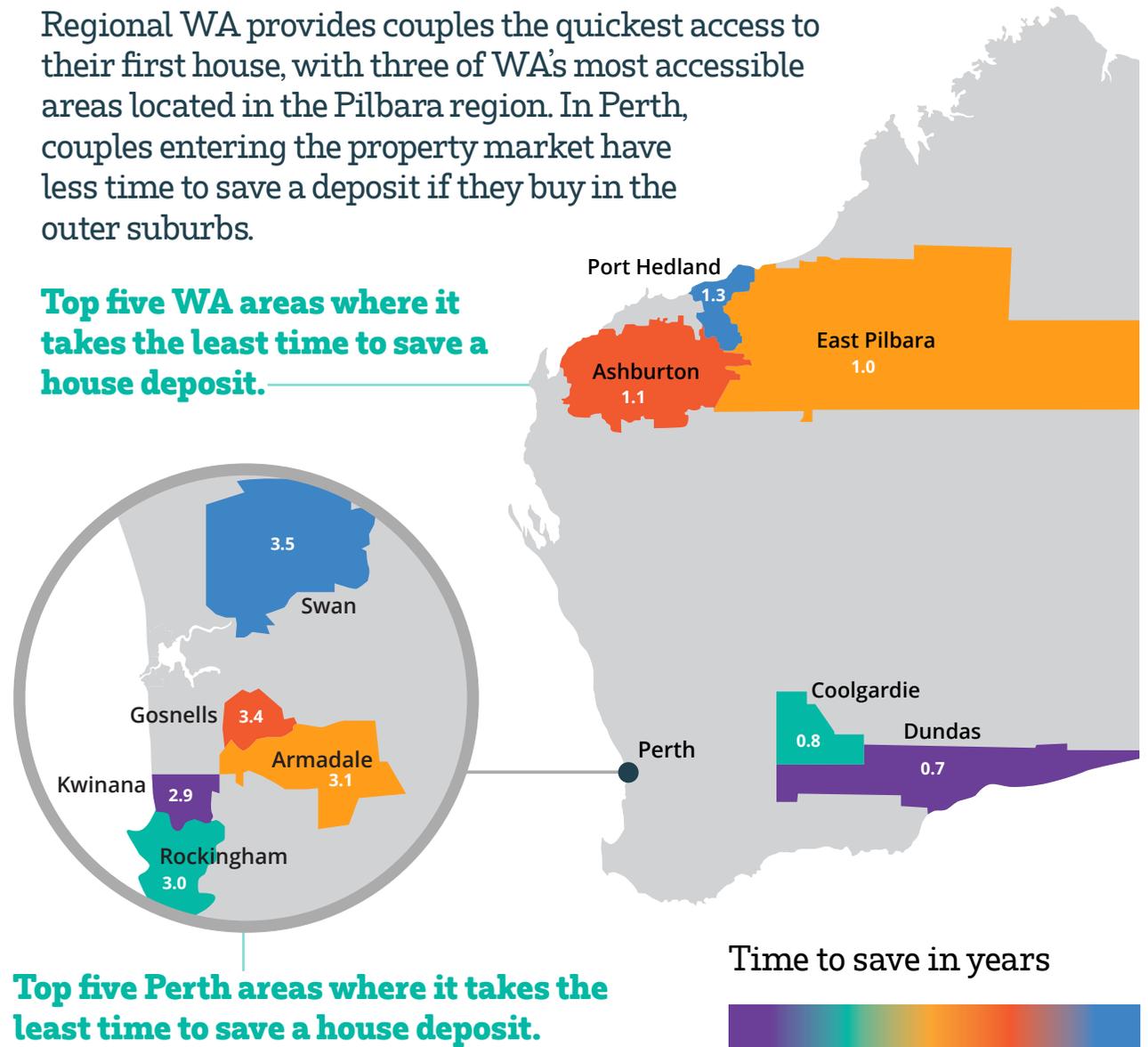
1. 21.2 Peppermint Grove
2. 10.3 Cottesloe
3. 10.2 Nedlands
4. 8.9 Mosman Park
5. 7.8 East Fremantle

No surprises here, but the least accessible areas in Perth for first time buyers to enter the market are near the coastline or the river.

Most accessible WA areas for couples.

Regional WA provides couples the quickest access to their first house, with three of WA's most accessible areas located in the Pilbara region. In Perth, couples entering the property market have less time to save a deposit if they buy in the outer suburbs.

Top five WA areas where it takes the least time to save a house deposit.



Top five Perth areas where it takes the least time to save a house deposit.

Units and apartments can be a quicker path to owning a home.

Units and apartments in Perth are becoming more affordable for first time buyers. It will take the average couple 3.2 years to save the \$83,731 deposit required on their first unit or apartment. Perth unit prices fell by 7.5%¹⁰ in the year to June 2017, while wages grew by 1.4%¹¹, making the Perth apartment market more accessible to couples.

Top 10 Perth areas where it takes the least time to save a unit deposit

LGA Name	Years to save unit deposit (June 2017)	Years to save unit deposit (June 2016)	Years to save unit deposit (June 2012)	Region	State	Savings needed for 20% unit deposit \$ (June 2017)
Kwinana	1.7	1.8	1.7	Perth	WA	\$39,163
Armadale	2.2	2.2	2.0	Perth	WA	\$52,860
Rockingham	2.3	2.3	2.1	Perth	WA	\$58,812
Cambridge	2.4	2.2	3.6	Perth	WA	\$76,420
Mosman Park	2.5	3.0	2.8	Perth	WA	\$70,481
Cockburn	2.8	3.0	2.7	Perth	WA	\$74,104
Swan	2.8	3.0	2.8	Perth	WA	\$66,560
Gosnells	2.8	2.9	2.6	Perth	WA	\$63,665
Bayswater	2.9	3.1	2.7	Perth	WA	\$75,456
Bassendean	3.0	3.2	2.6	Perth	WA	\$75,304

¹⁰ Insights derived by CoreData based on CoreLogic data

¹¹ ABS 6345

Golden opportunities in regional WA.

The mining town of Kalgoorlie/Boulder in WA's Goldfields region is the most accessible area for couples seeking to buy a unit. In Kalgoorlie/Boulder it takes just 1.4 years for a first time buyer couple to save the \$44,829 deposit required on their first unit.



The information contained in this report is of a general nature and is not intended to be nor should be considered as professional advice. You should not act on the basis of anything contained in this report without first obtaining specific professional advice. To the extent permitted by law, Bankwest, a division of Commonwealth Bank of Australia ABN 48 123 123 124 AFSL/Australian credit licence 234945, its related bodies corporate, employees and contractors accepts no liability or responsibility to any persons for any loss which may be incurred or suffered as a result of acting on or refraining from acting as a result of anything contained in this report.



making banking easier