

September 2024

Home Buyer Sentiment Report

Report prepared by

CORE|DATA

 Helia®

We exist to accelerate financial wellbeing through home ownership, now and for the future.

Welcome
to Helia.





About Helia.

With a proud heritage as Australia's first Lenders Mortgage Insurance (LMI) provider, Helia is committed to accelerating financial wellbeing through home ownership.

Since 2010, Helia has helped almost over 1.2 million Australians to enter the housing market earlier without having to save the traditional 20% deposit.

In 2023, Helia supported 42,641 home buyers and approved 9,064 hardship requests helping people stay in their homes by supporting loan deferrals and restructures.

LMI facilitates mortgage lending by transferring risk to LMI providers, predominately for high loan-to-value ratio loans. We work with our customers, regulators, and policy leaders to promote a stronger, sustainable and more accessible housing market in Australia.



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About this report

The Helia Home Buyer Sentiment Report has been prepared by CoreData on behalf of Helia, with research conducted in August of 2024. The respondents of the survey are comprised of:

First home buyers



1,965 first home buyers including:

- 1,613 looking to purchase their first property in the next 2 years to live in
- 352 looking to purchase their first property as an investment asset.

Additional property buyers



1,037 current property owners including:

- 400 looking to purchase their next property to live in
- 201 looking to purchase an additional property as a holiday home or for family
- 436 looking to purchase additional property as an investment asset.

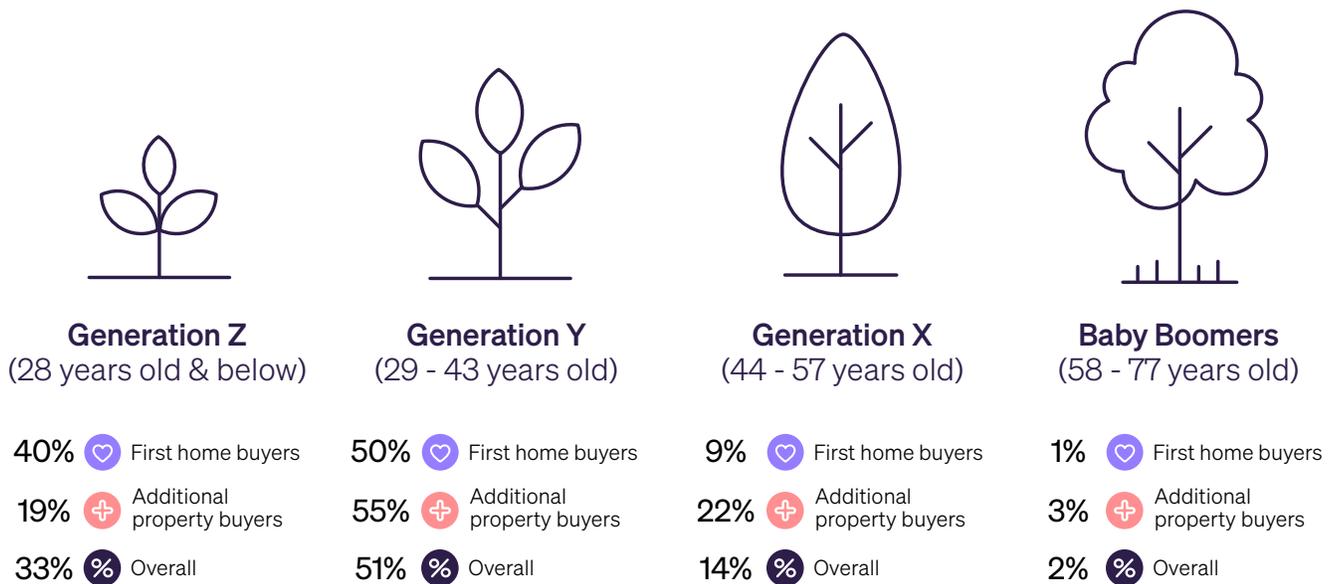
Figure 1 – Breakdown of survey respondents by state/territory and location.

	First home buyers	Additional property buyers	Overall
ACT	1%	2%	1%
NSW	34%	32%	33%
NT	0.3%	0.1%	0.2%
QLD	16%	17%	17%
SA	7%	8%	7%
TAS	2%	2%	2%
VIC	29%	29%	29%
WA	11%	9%	10%

	First home buyers	Additional property buyers	Overall
Metro	75%	68%	72%
Regional/rural	25%	32%	27%

Note: Totals may not sum due to rounding.

Figure 2: Respondents by generational segments.



Note: Totals may not sum due to rounding.

Important to note that this is reflective of the sample collected, not necessarily the market as a whole. Where age is applicable for splits, care needs to be taken to ensure that it's compared fairly.

n=3,002 total, 1,965 first home buyers, 1,037 additional property buyers

Key insights

Home buyers remain committed to achieving home ownership despite a challenging housing market and rising living costs.

1 The goal of home ownership remains unshaken for aspiring home buyers

Despite property prices increasing alongside mortgage rates, home buyers continue to display a resilient attitude towards home ownership. They believe that now is a good time to buy a home, focusing their efforts in a challenging economic landscape.

First home buyers in particular are determined yet realistic, acknowledging that they may have to make adjustments to their expectations of location, type of property, and size rather than holding out for their 'dream home'. This includes exploring apartments instead of houses, extending their search to outer suburbs, and even interstate moves. Driven by the desire to reap the long-term financial benefits of home ownership, they remain motivated to get into their first property even if it means making sacrifices in their day-to-day lives.

2 Cost of living overtakes housing affordability as the key barrier to purchasing

The rising cost of living has become a significant barrier to home ownership, eclipsing even housing prices and affordability and adding to the challenges of securing a mortgage. Everyday expenses for essentials like groceries, utilities, and transportation continue to climb, and home buyers are finding it increasingly difficult to save for a deposit or meet monthly mortgage repayments as a result.

This financial strain is being especially felt by first home buyers, who often lack the equity or savings buffers needed to navigate these economic pressures. A quarter of first

home buyers are now saving less than 10% of their take home pay, and as a result the proportion who anticipate purchasing their property with a 20% deposit has fallen by a quarter since last year, and more than halved in the five years since 2020.

3 Housing unaffordability extends beyond Sydney and Melbourne

House prices have continued to rise across the country, with growth in Perth, Brisbane, and Adelaide reaching double-digits over the past 12 months. As such, while 40% of first home buyers are considering buying interstate to be able to afford a cheaper property, the gap is narrowing between mid-sized cities and traditional property leaders Sydney and Melbourne. For example, the median price of a property in Brisbane is now on par with Melbourne, both for houses and apartments. In Sydney, it will now take a median wage couple saving 20% of their income, 14 years to save for a deposit on a house, and 8 years for an apartment.*

4 Home buyers are changing their lifestyles and making sacrifices to save for a property

First home buyers in particular are making significant cutbacks to save a deposit, with discretionary spending the first to be cut back. In an attempt to save, home buyers are cutting back on everyday expenses such as dining out, takeaway food, 'treat' purchases such as takeaway coffee, as well as trimming their budgets on groceries and personal

* Based on a median salary \$65,000 per person and prices for a house of \$1,471,892 and an apartment of \$859,050 (Sydney) - [CoreLogic](#) and [Australian Bureau of Statistics \(2023\) 'Labour Earnings and Working Conditions'](#) <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions>, Accessed 13th August 2024.



grooming. Big ticket purchases such as white goods or cars are also being put on hold, as well as leisure activities and going on holidays. More concerning, a proportion are also deferring or forgoing necessary healthcare, such as doctor visits or preventive care in order to save money.

5 Financial abilities and discipline vary widely amongst home buyers

Financial budgeting and savings habits among first home buyers reveal a concerning trend: only about a third of home buyers have a strict, documented budget to guide their spending and savings. This lack of financial discipline leaves many vulnerable to unexpected expenses as only 20% of home buyers have more than six months' income saved as a buffer, which is crucial for maintaining stability in case of job loss or other financial setbacks. Without a robust savings buffer and disciplined budgeting, many first home buyers are navigating the home ownership journey with minimal financial safety nets, increasing their risk of financial stress and making it harder to weather economic uncertainties.

6 Bank of Mum and Dad (BOMAD) playing a bigger role in home ownership

For many first home buyers, there is an increasing reliance on the Bank of Mum and Dad (BOMAD) for financial assistance and support and extending to include grandparents and/or other family. Nearly two in three first home buyers have been offered financial assistance from their parents and family. This assistance may cover part of the 20% deposit, or be in the form of helping with ongoing costs such as loan repayments once the property is purchased. As such, there is still the need to save enough for a deposit and for many to consider alternative pathways to home ownership.

7 Lenders Mortgage Insurance (LMI) awareness and sentiment has increased amongst first home buyers

For many first home buyers, getting into the property market sooner rather than later has become a priority, even if it means entering with a smaller deposit. Escalating property prices are fueling a sense of urgency and Fear of Missing Out (FOMO) among home buyers, leading them to explore alternatives like Lenders Mortgage Insurance (LMI) to secure a home before house prices climb further.

As a result, more than three in four first home buyers surveyed this year are aware of LMI and are likely to use it as an alternative to get into their home. Underpinning this is the sentiment that with increasing house prices, LMI can help them get into a home sooner without needing to wait and save the traditional 20% deposit. Despite this, there is still a need for clarity around who LMI protects and how it fits into a home buyer's individual circumstances, with many still seeing it as just an added expense.

8 Mortgage brokers act as a source of confidence and support through a stressful period

Home buyers, in particular first home buyers, express a need for support through the home buying journey. Mortgage brokers play an essential role in providing education, support and guidance to home buyers navigating the complex and often stressful process of purchasing a home. The majority of home buyers indicate they are likely to use a broker, reinforced by the perception that mortgage brokers bring valuable expertise, and importantly save time, effort, and have better negotiating power to access better deals for home buyers.



Overview of the market

In the 12 months leading up to June 2024, Australia's financial landscape was characterised by moderate but persistent inflation, with continued pressure on home buyers nationally. The cash rate remained relatively stable with one increase over the year bringing it to 4.35%. Inflation has come off its peak but remains persistent, at 3.8% as of June 2024. In reflection of this, Living Cost Indexes (LCIs)* also increased significantly over the 12 months. This contrasts with optimism at the beginning of the year where there were predictions of mortgage rate cuts which have yet to eventuate.

Most mortgage holders who were yet to roll off very low fixed rate loans did so over the past 12 months, joining their peers in seeing a marked increase in their loan repayments (typically between 30% and 50%).

Despite these challenges, appetite for properties appears to remain strong. Dwelling values on average across the country as of June 2024 are up 8.3% from the year before. This growth was most strongly driven by Perth, Brisbane, and Adelaide which all experienced double-digit growth

(22%, 16%, and 14% respectively). Demand was most strongly driven by middle- and lower-priced properties, a reflection of lowered borrowing capacity and affordability constraints among home buyers.

Overall sales volumes have grown 9.3% nationally over the year, with regional sales volumes growing at 7% and capital cities at 10.6%. In Sydney and Melbourne, the length of time taken to sell properties has lengthened compared to a year ago (34 and 39 days respectively). In other capital cities such as Perth, Brisbane, and Adelaide, the time to sell remains much shorter (10 days, 20 days, and 28 days respectively).

The steady increase in house prices despite mortgage rates remaining high is a reflection of home buyer appetite, with the value of residential lending having steadily risen by 20% over the last year.

* Track changes in the cost of living for specific household types, showing how price changes affect their expenses over time. Data from [Australian Bureau of Statistics \(2023\) 'Labour Earnings and Working Conditions'](https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions) <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions>. Accessed 13th August 2024.





Home ownership in Australia

Is it a good time to buy?

Australians have navigated a challenging year, with the rising cost of living putting households under pressure. While the year began with some hope, inflation has remained persistent, despite a series of interest rate hikes. Even with concerns about a potential oncoming recession, many Australians are confident in the resilience of the property market. Overall, seven in ten agree that “now is a good time to purchase property” (71%), with a quarter of them expressing strong agreement (25% of the overall).

Notably, first home buyers who plan on living in the property are more likely to express strong agreement “that now is a good time” than those buying for investment purposes (30%, as compared to 23%). A similar pattern

is observed among individuals looking to purchase an additional property—those intending to occupy the property are more positive than those planning to invest. Interestingly, those looking to buy their next property to live in have a similar mindset to investors.

77% of first home buyers agree that now is a good time to buy

Figure 3: Now is a good time to purchase property.

Overall



First home buyers



Strongly agree
 Somewhat agree
 Somewhat disagree
 Strongly disagree
 Total agree
 Total disagree

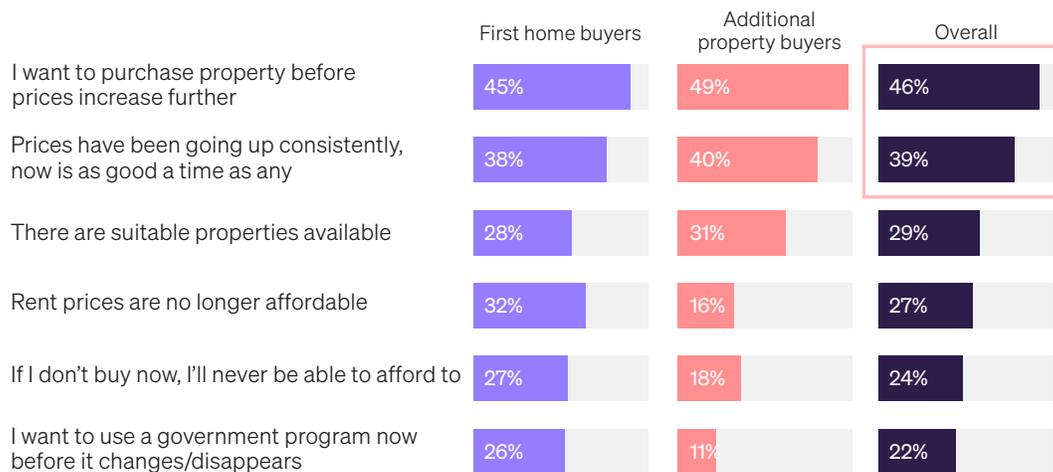
n=3,002 overall, 1,613 first home buyers, totals may not sum due to rounding.



Reflecting current economic pressures, the belief that now is a good time to purchase property is less driven by affordable prices or favourable interest rates (20% and 19% respectively) and more by expectation that prices will continue to rise. The desire to buy before prices increase further, and the belief prices have consistently risen year on year account for six in ten (combined total of 66%) of home buyer’s decisions.

First home buyers are increasingly motivated by a sense of urgency, with over a quarter believing that failing to purchase now may mean missing out on being able to afford a home in the future. In particular, they want to take advantage of government programs before they potentially change or are phased out (27% and 26% respectively). Additionally, nearly a third feel that rent prices have become unaffordable. However, it is noteworthy that there has been a slight decline in this sentiment from 2023, which may reflect the growing recognition of the stress associated with the current mortgage interest rates (32% in 2024 as compared to 39% in 2023).

Figure 4: Why now is a good time to purchase property (Top 6 responses).

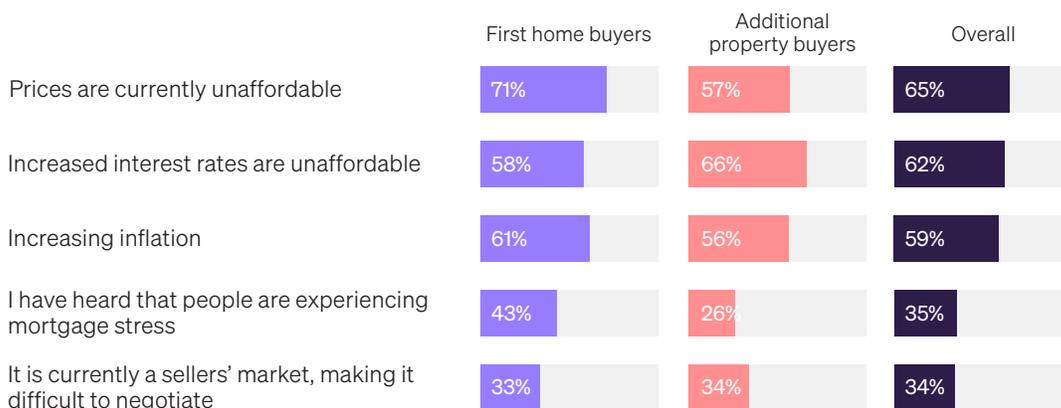


Note: Net of highlights = 66%, n=2,413

This mortgage pressure is also evident among those who don't believe now is a good time to buy, with a third reporting that they've "heard that people are experiencing mortgage stress" (35%). This sentiment is largely driven by the perception that rising interest rates are becoming unaffordable (62%), and that increasing inflation is

discouraging purchases (59%). Ultimately, nearly two in three feel that current property prices are simply out of reach, especially among first home buyers looking for a place to live (65% overall, rising to 74% of first home buyers looking to buy their first residence).

Figure 5: Why now is not a good time to purchase property (Top 5 responses).



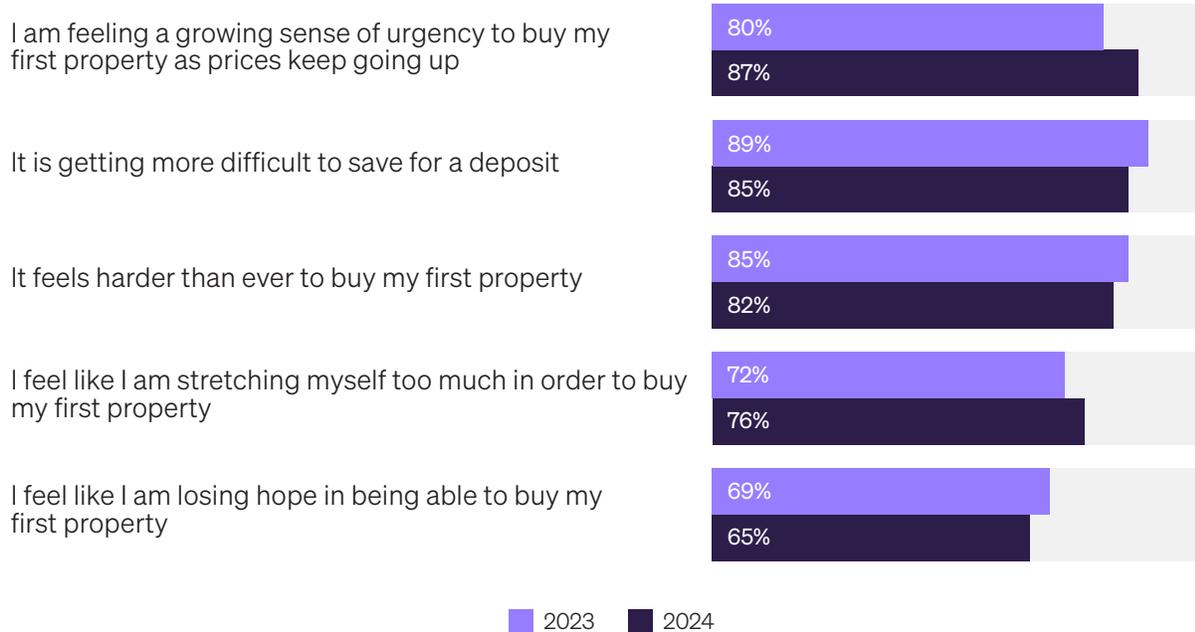
n=859



Overall, the majority of first home buyers feel they are facing an uphill battle, with 82% believing it is harder than ever to buy their first property. The challenge of saving for a deposit is becoming increasingly difficult (85%), likely due to rising cost-of-living pressures. One in five (20%) of young

adults can rarely to not at all pay their day-to-day finances, with a quarter also only able to pay them some of the time. Despite this, there is a growing sense of urgency to enter the market as prices continue to rise – an urgency that has intensified even more compared to 2023.

Figure 6: Agreement with statements about first-property purchases.



n=1,965



Drivers of purchase and key milestones

A home, an asset, or both?

First home buyers can generally be divided into those who are seeking to purchase a property to live in, and those who see it as a financial asset first. While both groups naturally recognise the long-term value of the property as an investment, the extent to which this drives their purchase decision varies.

For those intending to live in the property, the value of a property as a long-term investment is a motivator for 37%, second only to those who aspire to achieve the dream of home ownership (40%). In contrast, among those buying their first property as an investment, 68% are driven by its long-term value.

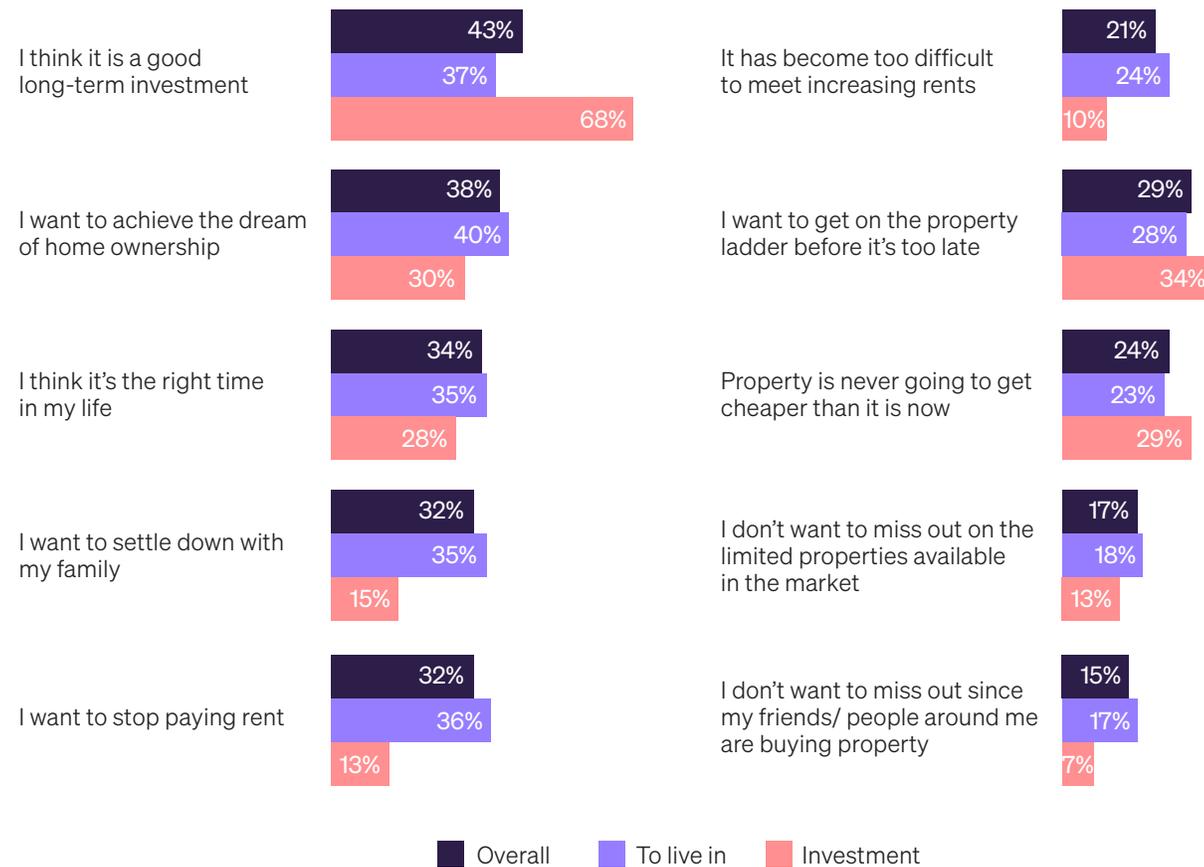
From a financial standpoint, it's also worth noting that in 2023, those seeking a property to live in were motivated by the desire to stop paying rent (51%). However, this has fallen to 36% in 2024, likely reflecting the growing perception that mortgage rates are no longer significantly more favourable

than renting. Supporting this, while around seven in ten of these rent-paying home buyers reported rent increases over the past 12 months, the majority saw increases of up to about 10% (60% up to 10%, with an overall average increase of 16%).

Emotional motivations are taking precedence over financial ones for first home buyers looking for a place to live. "Wanting to settle down with my family" has gained importance among this group (35%, up from 29% in 2023), and an equal number feel that it's simply the right time in their lives to own a home.

In contrast, investors are primarily motivated by a sense of urgency to get on the property ladder before it is too late, with 34% driven by this concern and 29% believing that property values are unlikely to decrease further.

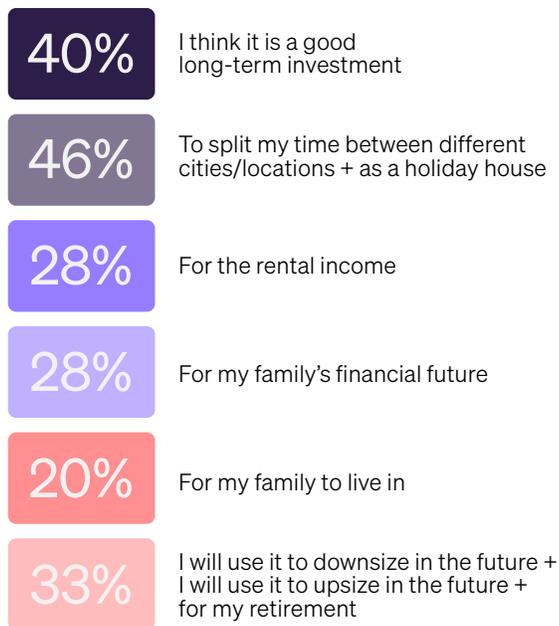
Figure 7: Motivations for buying first property – First home buyers.



n=1,965, 1,613 to live in, 352 as an investment

For those purchasing additional property, financial motivations are central. Even for those who don't explicitly state that their purchase is for investment purposes, the perception of "a good long-term investment" remains the primary driver, cited by 40% of home buyers. This is closely followed by motivations such as seeking 'rental income' and "securing my family's financial future", at 28%. Additionally, about a third of home buyers are driven by longer term goals, such as downsizing, upsizing, or planning for retirement. Immediate reasons for purchasing include acquiring a holiday home or the opportunity to live in different cities or locations, with these motivations combined at 46%.

Figure 8: Why are you looking to purchase an additional property?

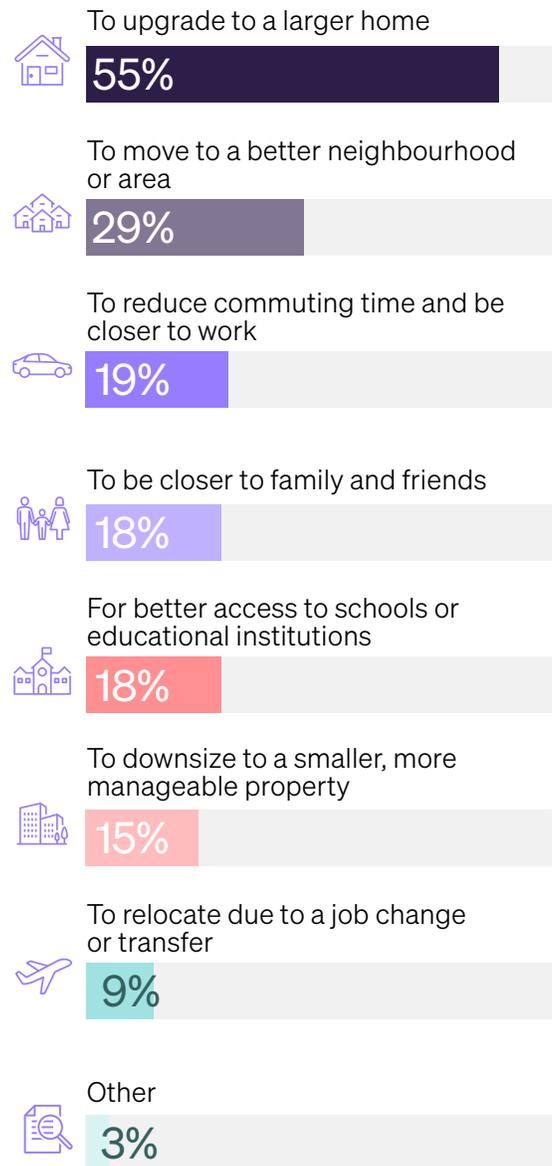


n=201 looking to purchase additional property buyers

This motivation is particularly strong among younger generations, with 63% of both Gen Y and Gen Z expressing this goal, and even more so among those with children under 5 years old (67%).

For those planning to purchase their next primary residence, the most common reason is the desire to upgrade to a larger home (55%)

The desire to move to a better neighbourhood or area also plays a part for 29% of those looking to relocate, along with considerations such as proximity to work (19%), family and friends (18%), or schools and education (18% overall, 31% amongst those with children aged 6 to 10).



n=400 buying property to live in

Case study - Rentvesting



Ready to invest

Sharona and her partner were ready to take the first step on their property journey with the purchase of an investment property while they continued renting where they lived.

Sharona longed to own a home in the leafy suburbs of Sydney's hills district. Knowing that this was out of reach for now, the couple strategically decided to invest in a property in order to build the equity needed for their future dream home.

They began looking for a property that would offer the greatest growth potential. For them, this looked like a freestanding dwelling that included a granny flat, in a high-growth area like Blacktown – located in Sydney's western suburbs.

Bigger and better with LMI

But with growing property prices and interest rates, Sharona and her partner knew that saving a 20% deposit for a property like this would be difficult.

After allowing for payment of stamp duty*, conveyancing fees and other upfront costs, the couple had enough money saved up for a 12% deposit. The mortgage broker explained that they could purchase a property priced at \$1.2 million with their 12% deposit, if the lender obtained LMI.

After speaking with their tax accountant and weighing up the benefits and risks of buying an investment property, Sharona and her partner decided that rentvesting was the right decision for them.

Rather than wait and continue saving a larger deposit to purchase their investment property, Sharona and her partner were able to purchase a recently-renovated three-bedroom house in their desired location of Blacktown after few months of searching. The property even included a granny flat.

"Buying a home with a 12% deposit while paying LMI gave us a good alternative. Otherwise, we would have to wait a few years, but by then we might be out of the market because of increasing house prices." - Sharona

Rentvesting

Sharona and her partner didn't need to delay or compromise on their property purchase wish list. Instead, they were able to get into the market sooner, and into a higher-value property that wouldn't have been available to them otherwise. The couple are now rentvesting - an investment strategy where home buyers rent out their property while renting somewhere else to continue building wealth.

"I feel like we can now better plan to purchase our dream home, as we now have equity from this Blacktown investment property. This investment is an investment in property, but mainly our future." - Sharona

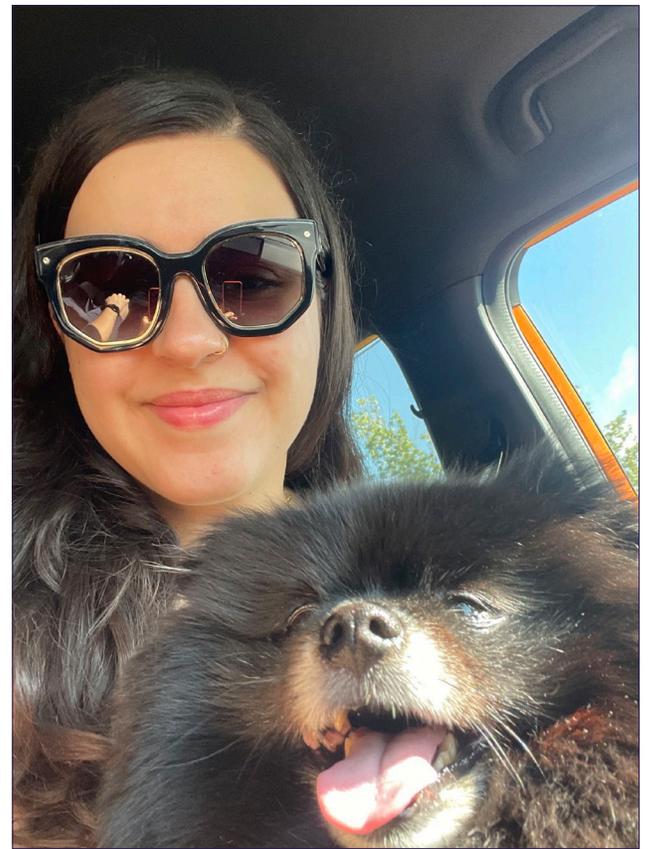
* Loan amount based on 83.5 per cent LVR plus the LMI fee which is capitalised into the loan. Excludes stamp duty and other costs of purchase. Assumes that no other fees and charges are payable. Lending criteria and conditions apply to approval of credit products. The actual LMI fee may vary from the estimate depending on a range of factors including, the loan purpose, borrower type, security type or updated information received at the time of the application.

Benefits

- **Increase your borrowing power:** With LMI, Sharona and her partner were able to increase their borrowing power and purchase a higher-valued property with the smaller deposit
- **Get in sooner:** Rather than wait and save for their dream investment property, Sharona and her partner used LMI to enter the market sooner.

Considerations

- **Additional costs:** An investment property will have additional costs, such as property management fees, ongoing maintenance costs, strata fees, water and council rates
- **Tax:** There are also tax consequences of owning and selling an investment property, which should be considered prior to purchase. Tax advice should be sought from a qualified professional
- **Rental income not guaranteed:** While rental income can help offset mortgage costs, it isn't always guaranteed that the investment property will be occupied with tenants
- **Landlord responsibilities and obligations:** Sharona will have responsibilities as an owner of a rental property.

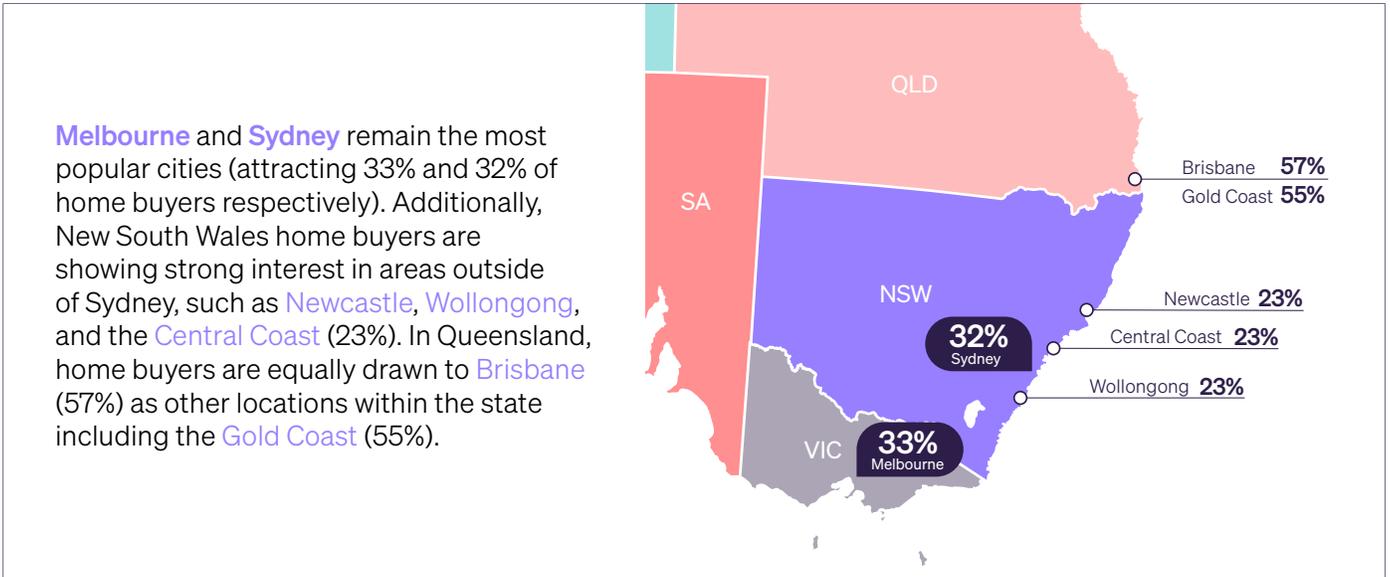


The buying journey

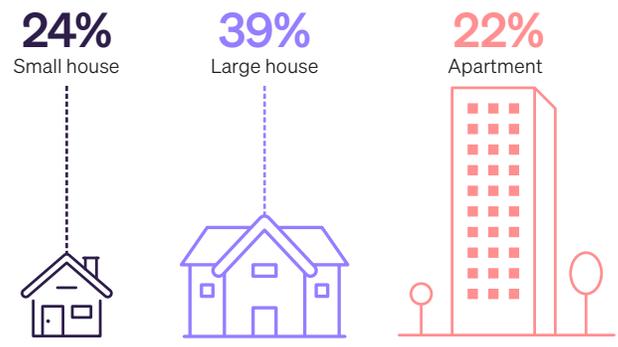


Purchasing a property is one of the biggest financial commitments most home buyers will make, often leading to a long, stressful, and complex experience. In preparation for buying, many begin by saving for a deposit. Among those surveyed, nearly half have been saving for about 2 to 5 years (48%), while a third have been saving for less time (36%). However, for some, the savings journey extends even longer, with nearly one in six having saved for over five years (16%). This extended saving period is more common among first home buyers.

When choosing a location, there is a clear preference for capital cities, particularly among those planning to buy a home to live in, whether as first home buyers, or those purchasing a subsequent home. 76% are focused exclusively on capital cities only, compared to 67% of those buying for other purposes. Overall, a similar proportion are considering both capital cities and other areas, or exclusively outside capital cities (15% and 13% respectively). Unsurprisingly, about nine in ten home buyers are looking to purchase in their current state with the exception of those in the ACT, who also show a strong preference for NSW.

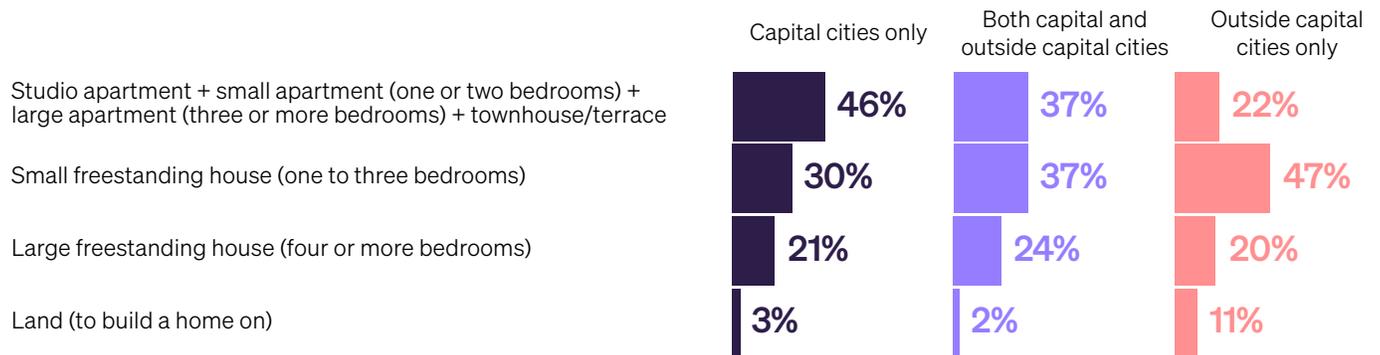


The most sought-after property type is a small freestanding house with one to three bedrooms, appealing to a third of purchasers across all home buyer types (37%) However, those seeking their primary residence show a different preference, with 24% interested in a small house compared to 39% looking for larger properties with four or more bedrooms. Additionally, 22% of investors are interested in apartments



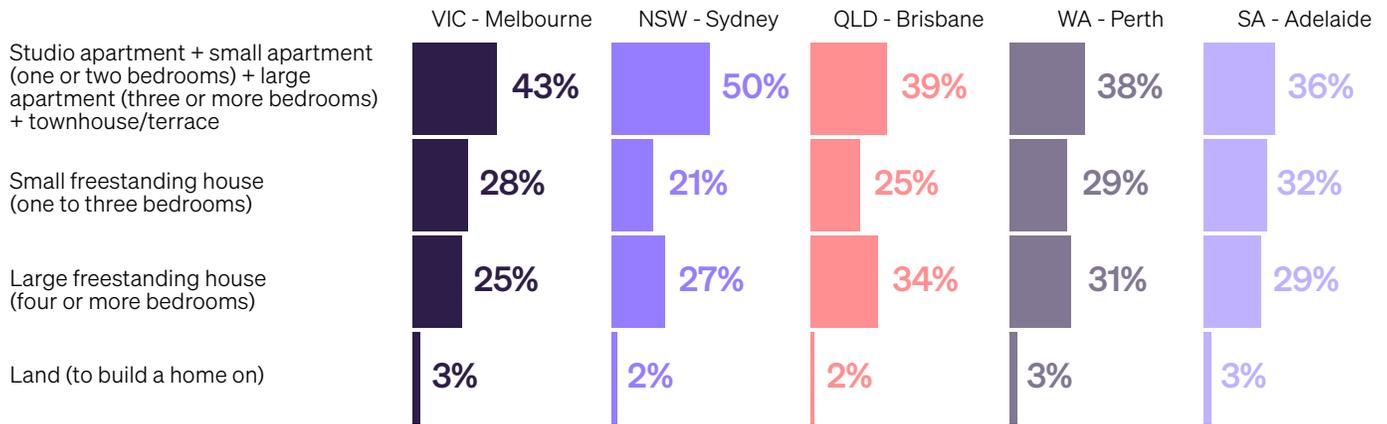
Preferences vary by location. Home buyers focused on capital cities are more drawn to apartments and townhouses, with 49% leaning towards these options compared to just 25% of those searching outside the cities. This trend is especially noticeable in Sydney, where 55% of home buyers are eyeing apartments or townhouses, and in Melbourne, where 49% share this preference.

Figure 9: Type of property most likely to purchase.



n=2,192 capital cities only, 493 both capital and outside capital cities, 317 outside capital cities only

Figure 10: Type of property most likely to purchase by state.

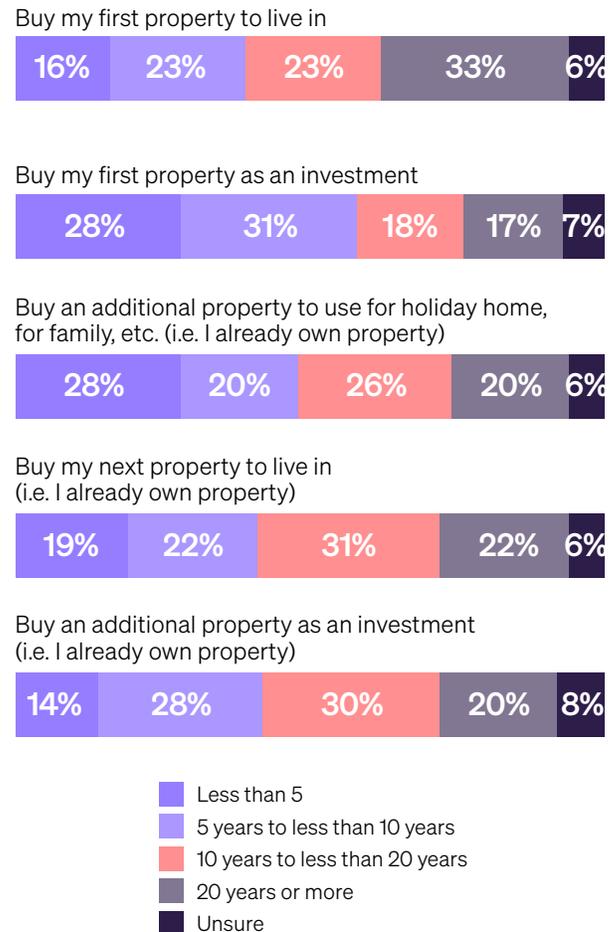


n=983 Melbourne, 949 Sydney, 546 Brisbane, 474 Perth, 348 Adelaide, totals may not sum due to rounding.

When it comes to how long home buyers plan to live in or own their property, opinions vary widely among different types of home buyers. Among first home buyers planning to live in their new home, over half expect to stay put for at least 10 years (56%). This is a significant increase from last year (40% in 2023), reflecting a decrease in optimism about being able to ‘trade-up’ in the near future. On the other hand, only a third of first home buyers purchasing an investment property intend to hold onto it for over 10 years (35%), with just over a quarter planning to sell within five years (28%).

Additional property buyers also have different ownership timelines depending on their goals. Those looking to buy their next home to live in are more likely to commit to staying for over five years (75%, with 53% planning to stay over 10 years). In contrast, those buying additional properties for purposes like holiday homes are less likely to have long-term plans, with 28% expecting to keep the property for less than five years. These varying perspectives highlight the diverse motivations and expectations of home buyers, revealing their distinct ownership timelines and strategies.

Figure 11: Expected length of time living in new property.



n=1,613 buy my first property to live in, n=352 buy my first property as an investment, n=201 buy an additional property to use for holiday home, for family etc., n=400 buy my next property to live in (I already own property), n=436 buy an additional property as an investment (I already own property)





Challenges in buying

Challenges faced

Home ownership has long been a cherished goal for many home buyers, symbolising stability, security and financial wellbeing. This enduring aspiration reflects a deep-seated belief in the value of owning a home as a key part of achieving a fulfilling and secure life.

However, in recent years, the home ownership dream has become increasingly challenging with home buyers facing greater obstacles when entering the property market. In the 12 months leading up to June 2024, the Consumer Price Index rose by 3.8% putting increased pressure on households.* Facing into increased cost of living has made it more challenging for potential home buyers to save the 20% deposit typically required by lenders.

In reflection of this, 'cost of living increases' has now become the most cited barrier to home ownership (54%), overtaking concerns about housing affordability (43%) and finding a suitable property within budget in a suitable location (42%) which were the top barriers in 2023.



54%
Cost of living increases



43%
Concerns about housing affordability



42%
Finding a suitable property within budget in a suitable location

In the following sections, we explore these twin challenges of housing affordability and rising cost of living. By examining the difficulties faced by potential home buyers and the strategies they are employing to overcome these barriers, we aim to provide insights that can help guide the industry in making home ownership more achievable for more people, sooner.

Housing unaffordability and its associated impacts

The Australian property market has moved beyond the COVID-19 pandemic-induced surge, yet prices have continued to rise. Nationally, over the past 12 months leading up to June 2024, house prices increased by 8.8% nationally, with apartments rising by 6.5%.** This growth has been especially pronounced in Perth, Adelaide, and Brisbane adding pressure on home buyers, in particular first home buyers who are struggling to enter the market.

In Sydney, house prices remain the highest across the capital cities at a median value of \$1,471,892. Traditionally Melbourne has followed closely, but recent surges in Brisbane have narrowed this gap. The median house prices in Brisbane and Melbourne are now just over \$966,382 and \$929,715 respectively. For units and apartments, Sydney maintains the highest median price of \$859,050 followed by Brisbane at \$653,325 and Melbourne at \$610,652.

2024 median houses and unit values:

	House	Unit
Sydney	\$1.47M	\$859K
Melbourne	\$930K	\$611K
Brisbane	\$966K	\$653K
Adelaide	\$845K	\$555K
Perth	\$819K	\$562K

The tangible effects of housing affordability are evident in the adjustments home buyers are making to secure a property. Seven in ten of those surveyed report they are now considering properties in different areas such as the outer suburbs (71%), driven by rising house prices.

* Monthly Consumer Price Index Indicator, Australian Bureau of Statistics June 2024

** Hedonic Home Value Index, CoreLogic June 2024

Additionally, this year 40% of home buyers have begun exploring interstate options due to affordability concerns, up from 34% in 2023. However, as prices continue to rise nationwide and the gap between capital cities narrows, the viability of interstate options may be diminishing.

First home buyers are also adjusting their criteria to improve their chances of securing a property. Two in three have broadened their search to include different types of property, such as opting for apartments instead of houses (64%) or seeking smaller properties (70%). Despite this flexibility, housing affordability remains a significant obstacle to home ownership with the rising cost of living further exacerbating this challenge in our current economic climate.

Cost of living challenges

The rising cost of living has emerged as the main barrier to purchasing a property across all home buyer segments (54%), surpassing even housing affordability. This concern is particularly pronounced among those seeking to buy properties as an investment (61% across both first and additional property investors). Meanwhile, first home buyers looking to purchase a home to live in are also most likely to cite saving for a deposit as a major challenge (41%).

To provide context, 70% of first home buyers who are renting have experienced a rent increase in the past 12 months, with 17% paying 20% or more than they did last year. Additionally, 25% are facing increases between 11% to 20%. These rising rents have heightened renters' motivation to purchase their own property, but the additional financial burden is significantly reducing their ability to save.

A quarter of first home buyers are saving 10% or less of their household take-home pay

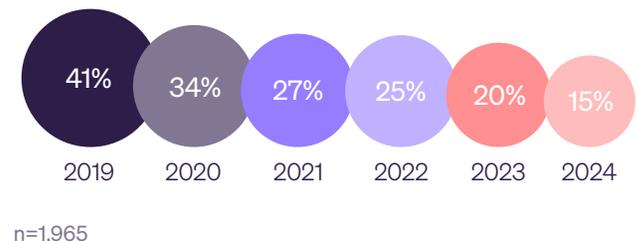
Cost of living pressures have constrained the savings capacity of first home buyers with 24% saving less than 10% of their take-home pay. Additionally, 20% save 20% or less of their income. As a result, home buyers are taking longer to save a deposit, with a quarter having saved for three to five years and 17% trying for over five years.

To illustrate the challenge of saving for a home, consider a household with two median wage workers each earning \$65,000. If they saved 20% of their take-home pay, it would take almost 14 years to accumulate a 20% deposit for a median-priced house in Sydney (valued at \$1,471,892) and just over eight years for an apartment (valued at \$859,050).* In Melbourne or Brisbane, it would take approximately nine years and six years for an apartment at current rates. For single individuals, this timeframe is significantly longer, assuming their savings keep pace with rising house prices.



With many aspiring to purchase in a shorter timeframe, expectations regarding the size of the deposit have shifted. This year, only 15% of first home buyers believe they are likely to save a full 20% deposit, down from 20% last year and less than half of what it was 5 years ago in 2020 (34% in 2020). This trend suggests that most first home buyers have begun to move away from the goal of saving a 20% deposit, 10% to 14% of the purchase price now being the common target (36%).

Figure 12: First home buyers who believe they are likely to save a full 20% deposit.



* Based on a median salary \$65,000 per person and prices for a house of \$1,471,892 and an apartment of \$859,050 (Sydney) - CoreLogic and Australian Bureau of Statistics (2023) 'Labour Earnings and Working Conditions' <https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions>, Accessed 13th August 2024.

Financial circumstances

Navigating rising property prices, increasing living costs, and saving a deposit has placed aspiring home buyers in challenging financial situations. Over half of first home buyers report that they either just get by financially, having to stretch to afford luxuries, or struggle to get by financially (56% in total). While additional property buyers are feeling less pressure, only half of them feel they have enough for some luxuries or have sufficient funds for both their needs and wants (50%).

A third of first home buyers adhere to a strict, documented budget and rarely deviate from it (32%), whereas the majority have a rough idea of what they can spend without a documented budget (56%). Unsurprisingly, those without a budget are less likely to be able to save over 10% of their deposit, compared to those with a strict documented budget (38% versus 22%).

Another key indicator of financial health is a cash buffer, especially in a challenging economic climate. A buffer reduces the risk of missing or defaulting on mortgage payments due to unexpected large expenses or income loss. Three in ten first home buyers have less than two months of their income saved as a buffer (29%), while a similar number have three to four months (32%).

Three in ten first home buyers have less than two months of their income as a savings buffer

In addition to saving for a deposit and maintaining a savings buffer, many first home buyers are cautious about the potential impact of further interest rate rises. If rates were to rise by 1% over six months, more than half of first home buyers believe this would make it challenging to meet future mortgage payments (55%).

Given these concerns, home buyers need to be financially savvy as they navigate their purchase journey. To stay ahead, many are employing a range of strategies to achieve their home ownership dreams as quickly as possible.

Cost cutting behaviours

Aspiring home buyers are implementing various strategies to mitigate the rising cost of living and to enhance their savings. It is unsurprising that discretionary spending is the first to be curtailed. The most common reductions are cutting back takeaway food, dining out, and non-essential purchases such as takeaway coffee (48%, 46% and 44% making these adjustments).

Beyond discretionary purchases, home buyers are tightening their spending on essentials. Many are opting for cheaper groceries by shopping at discount supermarkets and reducing their expenses on personal grooming or beauty services, with (43% and 36% making those changes). Additional cutbacks include spending less on hobbies and limiting or cancelling subscriptions such as streaming services (41% and 34%).

More concerningly, around one in five are skimping on medical or wellness treatments, and a similar number are cancelling gym or fitness memberships (21% for both). Additionally, 20% have relocated, either moving in with family or into a cheaper rental to save more for their property purchase. Notably, home buyers are not just cutting back on one or two areas, but are, rather on average making reductions across six different aspects of their life.

In addition to cutting expenses, many home buyers are increasing their income by working overtime, or taking on secondary jobs such as driving or freelance work (31% and 23% respectively). A quarter of home buyers are also adopting a rather more speculative approach and waiting for property prices to decline (24%). However, the effectiveness of this strategy is questionable, considering that property prices have consistently trended upward over the past two decades.

Many additional property buyers with a Self-Managed Super Fund (SMSF) are incorporating it into their property acquisition strategy. In fact, three in five (61%) of those with an SMSF established it specifically to purchase property. However, it is important to recognise that acquiring property through an SMSF does come with additional considerations. For example, these properties cannot be occupied by the fund member or their relatives and must be intended to provide retirement benefits to the fund member.

Ultimately, there is a limit to how much can be saved by cutting back on takeaway coffees and purchasing cheaper groceries to secure a property as early as possible.

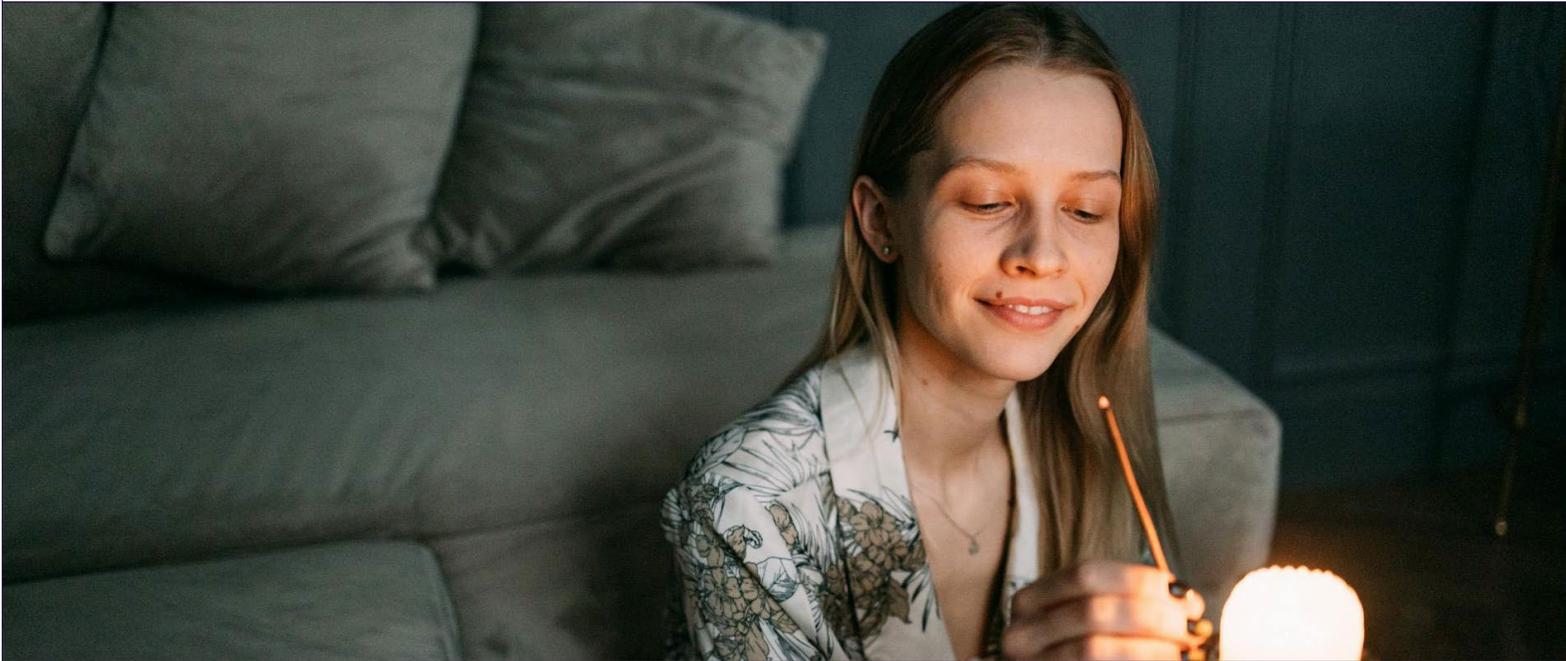


Figure 13: Actions taken to save money for a property.

48%	Cutting back on takeout food		35%	Cutting back on alcohol, gambling or smoking	
46%	Cutting back on dining out		34%	Reducing/cancelling subscriptions (e.g. Netflix, Spotify)	
44%	Cutting back on 'treat' purchases when out (e.g. takeaway coffee)		28%	Limiting use of utilities (e.g. electricity, heating, air conditioning)	
43%	Buying cheaper groceries (e.g. shopping at Aldi)		21%	Cancelling gym/fitness membership	
41%	Taking less holidays		21%	Cutting back on medical or wellness treatments (e.g. physio, chiro, osteo)	
41%	Cutting back on spending on hobbies		20%	Moving back home or moving in with family + moving into a cheaper rental	
37%	Delaying buying big purchases (e.g. car, white goods)		18%	Changing transport methods (e.g. bus instead of Uber)	
36%	Reducing spending on personal grooming/beauty		3%	None of the above	
35%	Buying less branded/designer products (e.g. buying clothes of lesser quality)				

n=3,002

One in five (21%) are cutting back on medical and wellness treatments to save money for a property





Home Buyer Sentiment Index

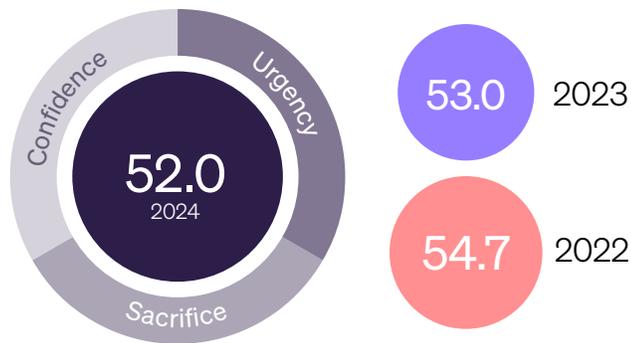
The Helia Home Buyer Sentiment Index is designed to assess the sentiment of first home buyers in the real estate market.

The index comprises of three components: Confidence, Urgency, and Sacrifice.

- **Confidence:** Evaluates first home buyers outlook on their ability to purchase a home, focussing on the challenges they face in saving for a deposit and the optimism regarding the possibility of buying their first property
- **Urgency:** Reflects the immediacy with which first home buyers feel the need to purchase a home, influenced by market conditions and personal circumstances
- **Sacrifice:** Measures the extent to which first home buyers are willing to compromise on factors like location, property size, or type to achieve home ownership.

Together, these components provide valuable insights of the mindset and challenges faced by first home buyers.

Home Buyer Sentiment Index Score



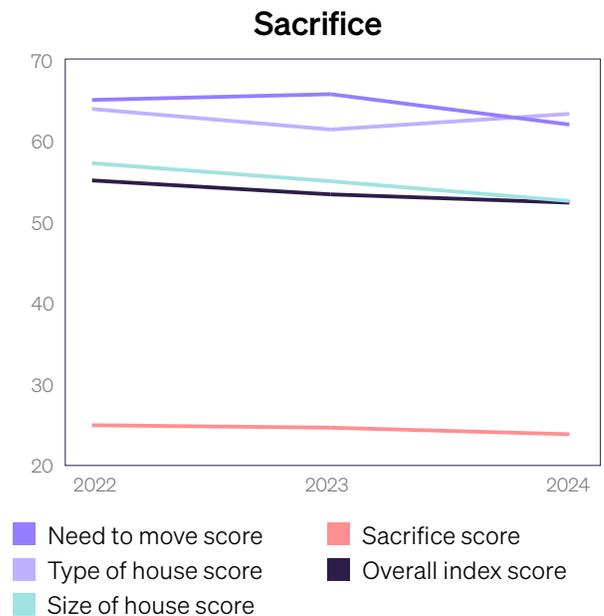
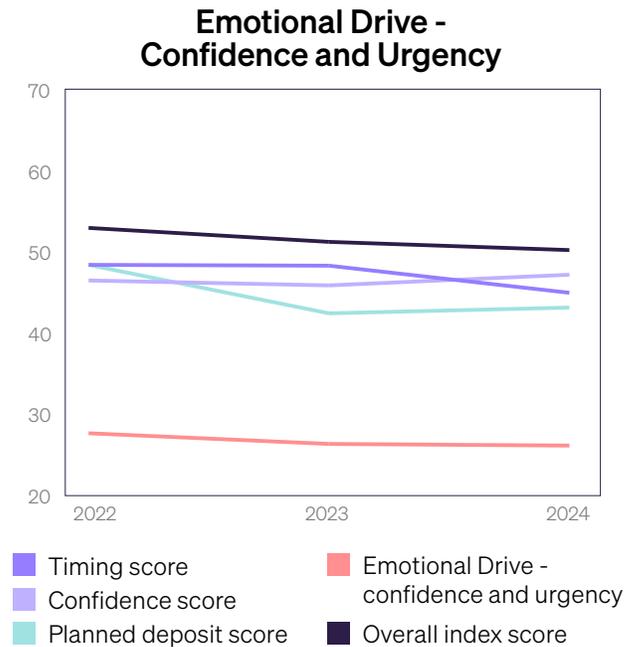
2024: n=1,965, 2023: n=2,109, 2022: n=2,018

In 2024, first home buyers were faced with heightened cost of living pressures alongside rising house prices nationwide. Reflecting this, there is growing sentiment that first home buyers need to adjust their expectations regarding the location and size of the property. Since 2023, there has been a shift in home buyer preferences with home buyers seeking smaller properties such as townhouses and apartments particularly in capital cities given the current housing market.

Additionally, there is a growing sense of urgency for first home buyers, with many eager to secure a property as soon as possible, get onto the property ladder and build equity.

Despite these challenges, confidence remains strong. First home buyers remain optimistic about their ability to pursue home ownership plans. This confidence persists despite a decline in their perceived ability to save the full 20% deposit, indicating a willingness to explore alternative pathways to home ownership such as Lenders Mortgage Insurance (LMI).

Figure 14: Home Buyer Sentiment Index Score.



2024: n=1,965, 2023: n=2,109, 2022: n=2,018

Emotional Drive score measures the emotional pressures and challenges influencing a person's decision to buy a property, focusing on urgency due to rising prices (urgency) and difficulties in saving or maintaining hope (confidence)

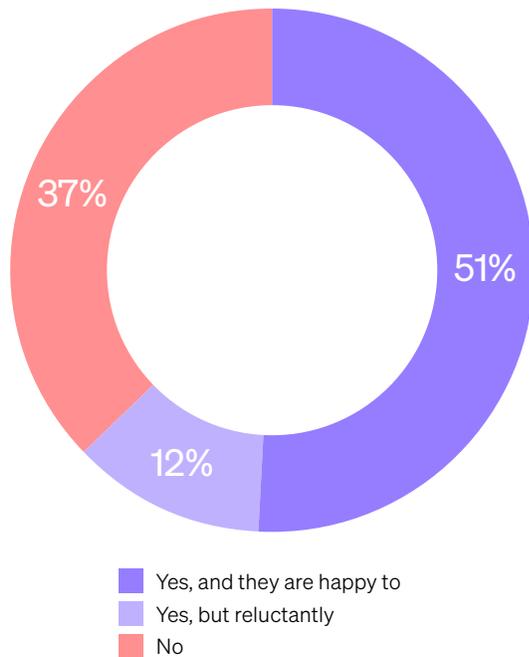


Pathways to home ownership

Bank of Mum and Dad (BOMAD)

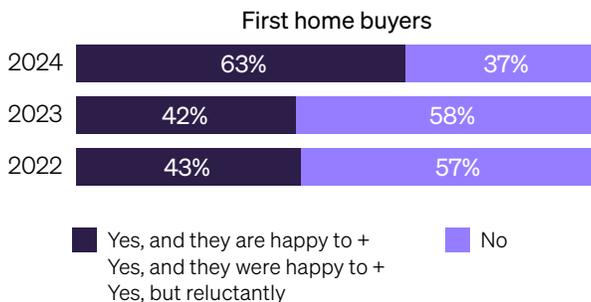
'The bank of Mum and Dad' (BOMAD) is becoming an increasingly popular avenue for first home buyers to leverage financial assistance from their family network to facilitate property purchases. This year, nearly two-thirds (63%) of first home buyers received offers of financial assistance from parents, grandparents or other family members, a significant rise from 42% the previous year.

Figure 15: Grandparents/parents and family offering financial assistance to help buy property.



n=1,965

Figure 16: Parents/grandparents/family have offered support to first home buyers, year-on-year comparison.



2024: n=1,965, 2023: n=2,109, 2022: n=2,108

While contributions toward the home deposit remain the most common form of assistance, the proportion of home buyers receiving this type of support has decreased from 60% in 2023 to 47% in 2024 as other forms of support become popular.

There has been an increase in the number of first home buyers receiving financial support to cover ongoing home ownership costs, such as mortgage repayments, strata fees, and rates. This form of assistance has grown from 15% in 2023 to 25% in the current period.

Even with the support of BOMAD, most still need to find a way to pull together a deposit

Figure 17: What format have parents/grandparents/families offered first home buyers financial assistance?

	2024	2023
Part of the 20% deposit	47%	60%
Co-signing/guaranteeing the mortgage	26%	29%
Helping pay ongoing costs (e.g. mortgage repayments, strata, rates)	25%	15%
Total 20% deposit	16%	16%
Joint ownership	14%	6%
Cost of LMI fee	10%	0%
Unsure	6%	6%
Money for the Stamp duty	4%	60%

2024: n=1,235, 2023: n=876

While some first home buyers are fortunate enough to receive full assistance with their 20% deposit, many only receive partial help and still need to find a way to gather the rest. Among those not receiving any support, a significant portion (40%) indicate that their parents or family would like to help but are unable to do so. Additionally, one third (33%) report that their parents or family would not provide assistance even if asked.

The BOMAD also provides support in other ways for many first home buyers. Currently, 30% of this group are living with their parents, grandparents, or other family members to save money for their deposit, while an additional 19% are considering doing the same.

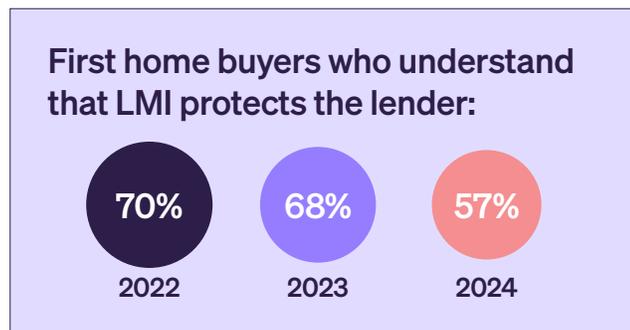
However, the BOMAD has its limits for most first home buyers, as the majority will still need to save a significant portion of their deposit. Fortunately, there are various alternative strategies available to help aspiring home buyers on their path to home ownership.

Lenders Mortgage Insurance (LMI)

This report highlights the challenges faced by aspiring home buyers due to the rising cost of living, housing unaffordability, and reduced savings capacity, which are impacting their ability to save a full 20% deposit. In light of these challenges, over three in four (84%) of respondents believe it is more important for them to own a home sooner rather than wait and save a larger deposit. This highlights the importance of considering Lenders Mortgage Insurance (LMI) as a key component of their home ownership strategy.

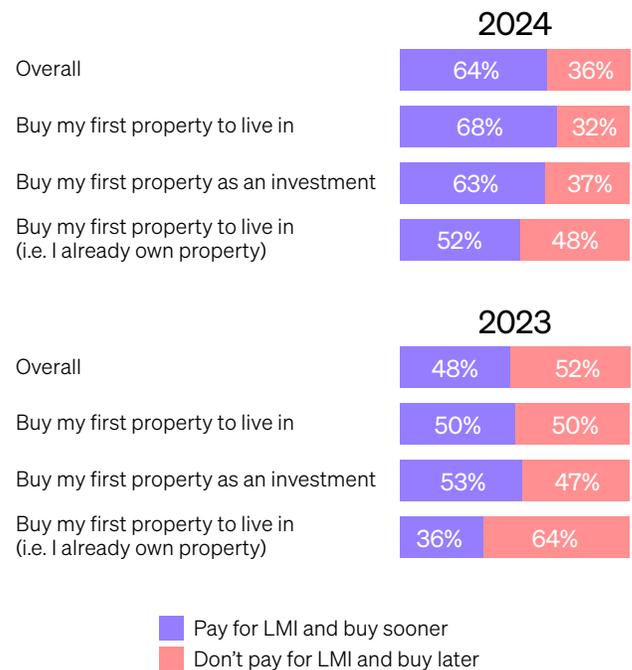
Awareness of LMI has increased slightly from last year, with (66%) now familiar with it (up from 61% last year). However, awareness remains lower among first home buyers compared to those purchasing additional properties (61% vs 77% respectively).

Despite this awareness, a knowledge gap persists. Fewer than three in five home buyers correctly identified LMI as insurance that protects the lender and enables home buyers to purchase a property with less than a 20% deposit (57%).



Positively, there is growing consideration amongst home buyers for LMI as an alternative option. Nearly two in three would prefer to pay for LMI to be able to get into their property sooner (64%, compared to 48% in 2023). This sentiment is even more pronounced among first home buyers as compared to additional property buyers (67% and 57% respectively).

Figure 18: Prefer to pay for LMI and buy property sooner.



2024: n=3,002, 2023: n=2,580

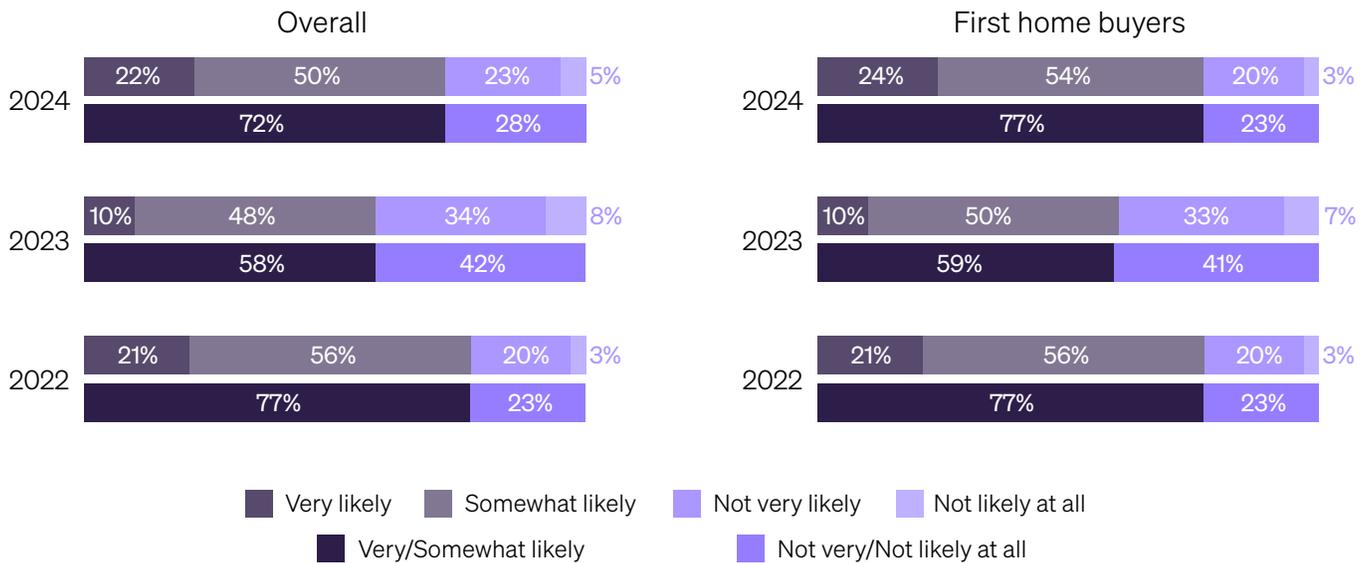
The vast majority of home buyers agree that LMI can help them to buy a home sooner and begin building equity (84%). Furthermore, two in three find LMI easy to understand (66%) and reasonably priced compared to the cost of a mortgage (65%).

However, some reservations remain, as many home buyers still perceive LMI as too expensive or are not clear on the benefits it can provide (54%).





Figure 19: Likelihood to use LMI to buy property.



2024: n=3,002, 2023: n=1,930, 2022: n=1,512, totals may not sum due to rounding.

Overall, three in four first home buyers feel they are likely to use LMI to buy their property. This presents an opportunity to support these home buyers in helping them to understand the extent to which LMI can kickstart their home ownership journey.



Mortgage brokers and support

More than half of first home buyers feel that they lack familiarity and support needed to successfully navigate the complex home-buying process. From researching and understanding options (57%) to understanding affordability and financing, home buyers are looking for expert assistance such as finding and assessing properties, understanding affordability, and navigating the financial aspects such as savings, deposit options, borrowing capacities, and loan availability.



Over half of first home buyers feel the need for support with research and decision making across the home buying process

Online research is the main way first home buyers seek reliable and trusted information about purchasing a property, meeting with experts like mortgage brokers or accountants is a very close second (70% and 69% respectively). This highlights the unique and vital role mortgage brokers play as guides and educators, providing support to home buyers on their path to home ownership.

One key area where mortgage brokers will assist is in the understanding and procurement of loans. Almost half (45%) of first home buyers find it difficult to research which loans are best for them, and over half (52%) anticipate challenges in obtaining the loan they need.

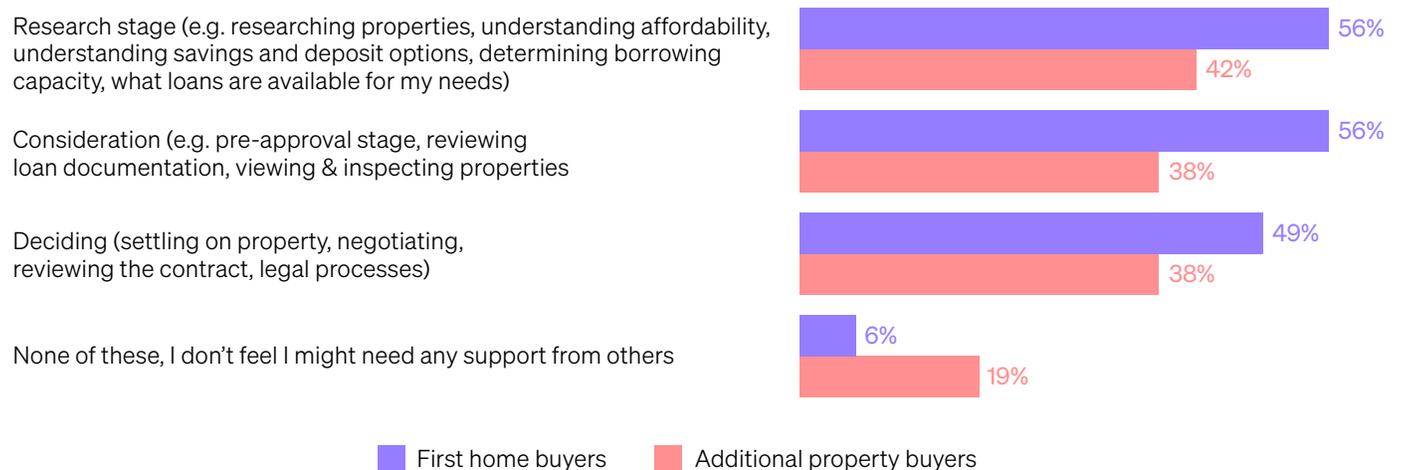


Nine in ten first home buyers are likely to use a mortgage broker to obtain a loan for their property

The report emphasises the clear opportunity for mortgage brokers to play a key role in the home buying process. Nine in ten (91%) first home buyers say they are likely to use a mortgage broker to obtain a loan for their property, reflecting the positive sentiment towards mortgage brokers. First home buyers agree that mortgage brokers can help home buyers understand their individual financial situations and borrowing capacities (89%), provide valuable support, guidance and expertise throughout the complex journey (88%), and save time, effort, and access better deals (86%).

It is also noteworthy that while half of home buyers plan to take out a loan jointly with their partner (53%), a large proportion plan to do so individually (38%). Additionally, a small but significant number (10%) of first home buyers also plan to borrow together with family members like parents, grandparents, or siblings. This highlights the shifting landscape of home ownership, with individuals following diverse pathways. As such, mortgage brokers will need to tailor their services to varied types of clients and their unique needs and desires.

Figure 20: Stages of the purchasing process where home buyers need support.



n=1,965 first home buyers, 1,037 additional property buyers



Our goal.

Home ownership.
Made simple.



