

Survey: The 'Great Australian Dream' Is Within Reach

Australian first homebuyers are making fewer sacrifices

3 in 4 plan to purchase a house

The number of Australian first homebuyers-to-be planning to buy a house has risen by over 40% to 76%, with first homebuyers viewing historically low interest rates and low property prices as the key motivations for purchasing a first home before 2010, according to the 2009 Mortgage Choice First Homebuyers Survey.

The nationwide survey of 1,012 people planning to purchase their first home in 2009 also found that the number of first homebuyers planning to make financial sacrifices in order to purchase their first home has fallen by over 22% to 71%, which suggest they are in a better position to buy.

A surprising trend towards owning a larger space has also emerged, with over three quarters (76%) of respondents looking to purchase a house as opposed to a unit/apartment or townhouse, compared to 54% in 2008 (this is a 22 percentage point rise or the equivalent of a 40% increase).

Although 45% of respondents said that the increase to the First Home Owners Grant was 'too good to refuse', the main motivation to purchase property this year was historically low interest rates (65%). 49% of respondents said that low property prices influenced their deciding to buy this year, while a further 35% said rent is too expensive, making now an opportune time to purchase.

Mortgage Choice Senior Corporate Affairs Manager, Kristy Sheppard said, "With low interest rates and relatively stable housing prices top-of-mind for those interested in the property market, it is intriguing to see the change in attitude and inclinations of today's proactive first homebuyer. Australians who are about to buy their first home appear to be entering the market with more confidence than their predecessors."

"We are living with rapidly evolving conditions, but it appears that many potential first timers are finally coming out of their shell and are determined to snap up a bargain. Recent ABS data shows nearly 30,000 first homebuyers have purchased property from October through to December 2008, taking advantage of improved affordability conditions. "It's great to see our survey results showing first homebuyers-to-be are considering all of their options when it comes to owning their own place – whether it is a short-term savings plan to boost their deposit, making sacrifices to achieve their long-term goals, or buying with a partner to share the responsibility."

Other key findings:

71% plan to buy an established home despite extra Government incentives for new dwellings

12% are planning to turn their first home into an investment property

Generation X# represents the majority of first homebuyers planning to buy by 2010, at 51%.

64% plan to purchase with a partner while 28% will commit alone (a significant drop from 36% in 2008)

49% decided to purchase this year because of low property prices while 45% said the First Home Owner Boost is



'too good to refuse'

8% do not intend to save anything towards their deposit, instead they are solely relying on the First Home Owner Grant / First Home Owner Boost to compensate

28% plan to contribute 20% or more deposit, and borrow the remaining.

Now is a great time to buy

As we have seen in the last few months, the appetite for first home purchases has risen to an impressive level. According to the Mortgage Choice survey, 65% of Australians planning to buy their first home before 2010 were strongly influenced by low interest rates. This response ranked highest of the motivational forces, and highlights the need for potential first homebuyers to always factor in potential rate rises.

"All buyers need to consider that whilst interest rates have hit a low we haven't experienced in decades, they may rise considerably in future. So, those who don't fix their loan interest rate will see their repayments rise eventually. However it is heartening to see the current market conditions have led to improved affordability. Home ownership, for many, is at present a realistic

achievement," said Ms Sheppard.

Additional influences to purchase property before the end of 2009 included:

- Planned to purchase a property for a long time (54%)
- Low property prices (49%)
- First Home Owner Boost (45%)
- Expensive rent (35%)
- Rent is comparable to home loan repayments (31%)
- Slowed housing price growth (15%)
- The opportunity to move out of home and/or away from housemates (13%)
- Fewer rental vacancies (12%)
- Rising rental yields that will benefit the first homebuyer once he/she moves out and turns the home into an investment property (8%)

As for deposits:

- 18% have saved less than \$10K – in comparison to 38% in 2008
- 28% have saved \$10K- 30K – up from 23% in 2008
- 18% have saved \$30K-\$60K – up from 10% in 2008
- 7% have saved \$60K-\$90K – up from 5% in 2008
- 6% have saved \$90K-\$150K – up from 2% in 2008

· 7% have saved over \$150K – considerably up from 3% in 2008

One out of every four respondents plan to finance their property purchase by contributing 10% deposit and borrowing the remaining, followed by 22% who will contribute 5% and borrow the remaining. Impressively, 14% plan to contribute 20% and borrow the rest, while another 14% aim to contribute more than 20% deposit. Males are more cashed up when it comes to contributions, leading the charge in all deposit ranges from 10% and higher: 10% deposit (26% vs. 25% of females), 15% deposit (9% vs. 8%), 20% deposit (16% vs. 12%) and 20%+ deposit (15% vs. 13%).

"It is great to see first homebuyers have been saving hard for their deposits. It seems they are pulling through the financial crisis with remarkable results," said Ms Sheppard.

Extension of the First Home Owner Boost

If the First Home Owner Boost was extended to include all first time buyers (home and investment property) 22% of respondents said they would buy an investment property instead. 46% were content in purchasing an owner occupied home as their first time buy, while 19% were undecided.

"A figure worth noting is the savvy 12% of respondents who are planning to turn their first home into an investment property regardless, i.e. they're intending to fulfil the First Home Owner Grant obligation to live in the property for a period of 6 months and then they'll rent it out," said Ms Sheppard. New South Welshmen were the most likely to purchase property for investment rather than owner occupied purposes, at 28% of respondents, followed by Queenslanders at 23%, Western Australians at 20% and Victorians at 18%. South Australians were least likely to, at only 12%.

\$5 MILLION CABRAMATTA CAR PARK PLAN

Federal Member for Blaxland, Jason Clare MP and Mayor of Fairfield City and State Member for Cabramatta, Nick Lalich MP have put together a submission to the Federal Government for \$5 million to build a multi-storey car park in Fisher Street in Cabramatta. Mr Clare said, "This is extremely important. I was born and raised in Cabramatta. I live here and I know we desperately need more car parking. This will help fix our car parking problems."

"There has been too much talk and not enough action. That's why we put this \$5 million plan together. Part of the Rudd Government's \$42 Billion stimulus package is a \$500 Million Local Community Infrastructure Program. Mr Clare has worked with Mr Lalich and Fairfield City Council to put together a submission for a multi-storey car park under this program. Mr Clare said, "This is the most important community infrastructure project in our local area. That's why we have asked the Federal Government for \$5M to build a multi-storey car park. Council has the plans but not the money. Now I will argue our case in Canberra."

Mr Lalich said, "To fix car parking in Cabramatta we need the support of Local, State and Federal Governments working together. Federal Government funding will get this project off the ground."

"I am also lobbying the NSW Government to help fund more car parking in Cabramatta", Mr Lalich said. John Medich, President of the Cabramatta Chamber of Commerce said, "Jason and Nick have put together a great plan. This will really help to fix the car parking problems in Cabramatta." "I have to congratulate Jason he has been working on this from the day he was elected. He got us \$750,000 for car parking from the freight line company last year and he has led the charge to get this federal funding."

