



# Do you know a potential FHB?

## First Home Buyers are out and buying!

Reserve Bank Governor Philip Lowe says Australia is at a turning point, with cash set to become “a niche payment instrument”.

If you have been watching the signs for open homes going up in the last few weeks in your area, then you would also be noticing a bit of activity happening in the lower end of the property market.

Since the First Home Loan Deposit Scheme (FHLDS) commenced on 1 January 2020, the property market has been a buzz of activity in most capital cities and rural areas for properties under the First Home Loan Deposit Scheme price cap<sup>1</sup>.

With a tiny 5% deposit, no lenders’ mortgage insurance (LMI) and **first home buyer** stamp duty savings, it has attracted many new consumers into the market who thought they would never be able to acquire their own home.

Minister for Housing Michael Sukkar stated that the First Home Loan Deposit Scheme is already working to help Australians get into the property market sooner, stating that saving for a 20% home loan deposit is “one of the biggest barriers for first home buyers”.

*“The scheme is cutting years off the time it takes to secure a deposit, allowing Australians to realise their dreams of owning a home sooner,”* Minister Sukkar said.

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According to the intentions of applicants, the most popular cities<sup>2</sup> have been:

1. Sydney (19.4%)
2. Melbourne (16%)
3. Brisbane (9.8%)

The remaining proportion of loans is for houses outside of these three cities.

At week seven, apparently of the 10,000 applications available, 865 Australians secured a loan with 109 already having settled. 5,639 applications are lodged for the scheme and out looking for their first home while waiting to learn their borrowing capacity.

Surprises?

- 55% of applicants to date are aged below 30, with 34% of them aged between 25 and 29.
- 20% are aged between 40 and 50 years and **the oldest profile has been 53 years.**
- The average income of applicants has been \$67,090 for singles and \$111,373 for couples. Well below the income cap.

Stop the stereotype...

To get into their first home, more than half of the millennials surveyed<sup>3</sup> said they'd sacrifice:

- little luxuries (57.7%),
- experiences (56%) and
- big-ticket items (55.3%)

to get on the property ladder, with over 20% communicating they were even willing to give up basic necessities.

As you can see, **first home buyers** can be of any age, so if you are one or know one we encourage you to call us to help you achieve the GREAT AUSTRALIAN DREAM of owning your own home.

And if you don't have a deposit and think mum and dad can help out – there is a solution for you too!

All you need to do is call us for a quick chat and we can let you know if we can help you or not.

Sources

1. For details on the price cap visit: <https://www.nhfc.gov.au/>
2. The Adviser News
3. Bankwest recent research



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