

First homebuyer confidence rises to a record high

- **The Genworth Homebuyer Confidence Index has risen from 98.1 in September 2014 to 99.2 in March 2015**
- **A record 52% of Australians believe it is a good time to buy property, despite first homebuyers continuing to struggle with accessibility**
- **51% of Australians are making overpayments on their mortgages - a six percentage point increase in six months**

(SYDNEY) 26 March, 2015 – The Genworth Homebuyer Confidence Index has risen by 1.1 per cent in the last six months with an increased proportion of respondents believing now is a good time to buy property, and low levels of homeowners experiencing or expecting mortgage stress.

The 10th edition of Genworth's *Streets Ahead* saw first homebuyer confidence increase to a record high of 102.1 in March 2015, with 66 per cent believing that now is a good time to buy a home.

The Genworth Homebuyer Confidence Index considers the proportion of monthly income used to service debts, the maximum loan-to-value ratio borrowers are comfortable with, their repayment history over the last 12 months and expectations for the next 12 months, and whether respondents think it is a good time to buy property.

Western Australia recorded the highest confidence index (101.6) and largest increase of all the states, while Victoria recorded the lowest confidence index (97.6) and was the only state to see a fall since September 2014.

According to Genworth's Chief Commercial Officer, Bridget Sakr, respondents' attitudes remain positive towards property.

"More than half of those surveyed believed that now is a good time to buy property in Australia, up from 41 per cent six months ago," said Bridget Sakr.

However, accessibility remains an issue for first homebuyers.

"Our research suggests that the first homebuyer segment appears to be more concerned about gaining access to the property market than their ability to service a mortgage," said Bridget Sakr.

"Over a third of prospective first homebuyers indicated that high property prices are the greatest barrier to home ownership, while one in five suggested it was saving for a deposit."

While the average deposit (as a proportion of property value) has remained relatively stable since 2009, the time taken to source a deposit has decreased.

One reason for this is that the proportion of first homebuyers using non-savings sources for their deposit has increased, from 46 per cent in 2009 to 57 per cent in 2014.

"The report suggests that first homebuyers are increasingly turning to personal debt to fund their deposits, as well as relying on gifts from family," said Bridget Sakr.

"Saving a deposit clearly remains a key obstacle for first homebuyers looking to enter the market and points to the importance of low deposit options such as Lenders Mortgage Insurance," said Bridget Sakr.

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For those servicing a mortgage, the proportion of homeowners making overpayments on their mortgage increased from 45 per cent in September 2014, to 51 per cent in March 2015.

A full copy of the report can be viewed at <http://genworth.com.au/streetsahead>

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Genworth Australia is the leading provider of Lenders Mortgage Insurance (LMI) in the Australian residential mortgage market. For almost 50 years, Genworth and its predecessor business has been supporting the Australian mortgage industry by prudently enabling borrowers to purchase a home with less than a 20 per cent deposit. By utilising LMI, lenders are able to provide loans to these borrowers with small deposits at competitive market interest rates. In partnership with over 100 lenders, Genworth helps borrowers to get into their homes sooner and helps to keep them there.