



Home buyer confidence rebounding



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Home buyer confidence is on the up in Australia, on the back of improved consumer expectations of mortgage stress, according to the [Streets Ahead Genworth Homebuyer Confidence Index](#).

Based on a survey of 2,124 mortgage holders and 416 non-mortgage holders, home buyer sentiments were measured using five components: the proportion of monthly income currently used to service debts, maximum loan to value ratio comfortable in borrowing, last 12 months repayment history, next 12 months repayment ability and whether it is a good time to buy a home.

The Index jumped from a low of 93.4 in March 2013 to 100.1 at the end of July 2013. Nearly nine in 10 first home buyers expect to be able to easily meet or overpay their mortgage repayments in the next 12 months (86%), compared with 59% in March 2013.

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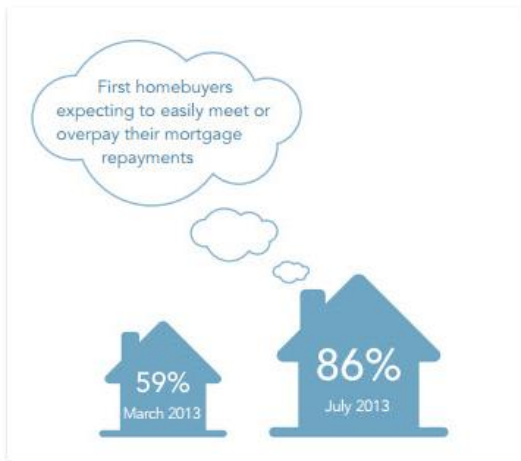
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Interest rate optimism

Increased optimism surrounding borrowers' ability to repay their mortgage is likely driven by recent Reserve Bank of Australia cash rate cuts to record lows.

One in three surveyed homeowners expected the standard variable rate to decrease in the next 12 months (29%), up from 12% in March 2013. Similarly, amongst FHBs, 22% expected the standard variable rate to decrease in the next 12 months, up from 13% in March 2013.

Homeowners who would be comfortable borrowing more than 80% of their property value also increased from 28% in March 2013 to 32% in July 2013, back to 2012 levels.

More support for first home buyers

First home buyers (63%) strongly felt that the government should be doing more to help them afford a home., with access to deposit the greatest barrier. According to the report, four in five surveyed non-property owners said they were unable to raise a 20% deposit for a \$500,000 house.

Unemployment was an obstacle to ownership (47%) followed by cost of living (38%). A quarter of prospective first home buyers surveyed are still working on saving for a deposit, and one in three said they'd enter the market as soon as they had that deposit in hand.



Get that election over and done with

In July 2013, the proportion of homeowners concerned about how the election will impact them was up from the previous six months, to 46%. Queensland and South Australian homeowners were the most concerned, with 50% of those surveyed from these states expressing concern about how the election will pan out for their individual circumstances.

Challenges for self-employed

Self-employed homeowners (22%) were almost as likely as unemployed homeowners (26%) to have struggled to have met mortgage repayments in the last 12 months. Whereas only 13% of homeowners in full-time employment reported similar hardship.