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First-home buyers walk away

MORTGAGES: One in two brokers is seeing a drop-off in first-home buyers as rising prices and the removal of concessions in some states offset falling interest rates for those trying to enter the housing market, according to a report by mortgage insurer Genworth.

Aussie Home Loans chairman John Symond said the government needed to give first-home buyers an incentive to save.

"First-home buyers are just priced out," he said at Genworth's Home Grown industry breakfast in Sydney yesterday.

"They were tripping over themselves to get their \$25,000 and then paying \$40,000 or \$50,000 more in inflated prices and now the great Aussie dream

of owning a home is getting further and further away."

After interviewing more than 300 brokers, lenders and mortgage industry experts, Genworth found that most expected a weak domestic economy and housing affordability to be the biggest challenges to the industry over the next five years. They expected there would be new entrants in the mortgage market, including superannuation funds and supermarkets.

But Mr Symond was not convinced. "I can't see home loans being done in supermarkets," he said. "Our average first visit with a customer can take as much as two hours."

GINA RUSHTON