

Homebuyer confidence at highest point in Australia since pre-Global Financial Crisis

**Nearly half of Australian homebuyers surveyed believe now is a good time to buy a home
Driven by improved affordability and RBA cash rate at a significant discount to the 15-year average of 4%**

(SYDNEY) 26 September 2012 – Australian National homebuyer confidence has reached a post-GFC high, according to the Genworth Homebuyer Confidence Index (HCI), a biannual measure of homebuyer and would-be homebuyer sentiment.

The Genworth HCI shows sentiment at 98.4, up 2.2% since March 2012 and at the highest level since 2007. In conjunction, the Genworth HCI shows that nearly half (49%) of those surveyed believe now is a good time to buy a home. This is a new high since the Genworth HCI started in 2007 and a 10% increase from March 2012.

The economic indicators forming the backdrop to the September edition of the Genworth HCI include an RBA cash rate of 3.50%, which is down 75 basis points from March 2012 and down 125 basis points from March 2011. Today's RBA cash rate is now 50bps below the 15-year average. Inflation stands at 1.2%, down from 4.25% in March 2012 and unemployment is 5.1% versus 5.2% in March 2012.

Commenting on the findings, Ellie Comerford, CEO of Genworth said:

“The Genworth Homebuyer Confidence Index is showing that homebuyers are far more positive than much of the current public debate centered on the economy. Australia has some compelling economic indicators and a low cash rate that is making many potential homebuyers believe that now is a good time to be considering home ownership. However concerns remain around the global economy and the future impact this might exert on Australia.”

The Genworth September HCI also shows that mortgage stress fell for the second consecutive survey. The proportion of surveyed mortgage holders who experienced difficulty meeting repayments in the last year fell from 22% in March 2012 to 18% now; and the proportion of borrowers expecting difficulty meeting

repayments in the coming year fell from 22% to 19% over the same period. This has most likely been driven by falling interest rates easing the pressure on households, in combination with improved affordability, as evidenced by the Housing Industry Association Affordability Index, which rose 1.1% in the June 2012 quarter and is up 10.6% from June 2011.

Despite high profile public debate around the cost of living, it is now less likely to be causing stress than in March 2012. It does however, remain the leading cause of stress, with interest rates being half as influential as in the March Genworth HCI.

Comerford commented:

“Cost of living pressures remain but today’s interest rates are lowering the cost of mortgages, allowing people to save more and in turn improving sentiment and a perception of being more financially secure in the year ahead.”

Sentiment changes by state

All states except Tasmania saw improvement in sentiment in the Genworth HCI.

Victoria saw the largest increase in the Genworth HCI, up 7.7% from a low of 92.3 in March 2012, overtaking New South Wales and Queensland. Victorian borrowers are among the least likely to be experiencing mortgage stress, and among the most likely to believe that now is a good time to buy a home.

South Australia saw a 3.3% increase in the Genworth HCI, the second highest among the states, to 99.4. South Australians are among the least likely to have experienced mortgage stress in the past year, at 17% (down from 23% in March).

Western Australia had the smallest increase in confidence but held on to its lead, with surveyed Western Australian borrowers being the least likely to have experienced, or to expect, difficulty meeting repayments.

Surveyed Queenslanders have the highest debt levels and the highest expectation of difficulty meeting repayments - with one third spending more than 50% of their income on servicing debt. However, 54% believe it is a good time to buy a home which is the highest by state.

First homebuyer sentiment remains ahead of national average

Half (54%) of surveyed first homebuyers (FHBs) believe it is a good time to buy a home, which has more than doubled in the last two years. However, FHB confidence fell marginally (0.5%) from March 2012, to 98.5, remaining just ahead of the national average of 98.4.

The proportion of surveyed recent FHBs who had experienced mortgage stress in the last 12 months fell from 16% in March 2012 to 13% in September 2012, but the proportion expecting difficulty in the coming year rose from 16% to 18%.

Comerford commented:

“Despite a slight fall in first homebuyer confidence, this segment of the market remains more optimistic that now is a good time to buy a home. What is more heartening is that first homebuyers are increasingly confident they can save the deposit necessary to buy their first home.”

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For more information on the report, please click [here](#) to visit the site and read the report.