



New research: Home buyers remain unshaken in the pursuit of achieving home ownership despite limited market knowledge and challenges in savings deposits

- ‘Cost of living’ overtakes ‘housing affordability’ as the key barrier to entering the property market
- Overall, 71% of home buyers believe that now is a good time to buy despite rising costs
- Over half of first home buyers feel they lack understanding of financial options to enter the property market, yet 84% agree Lenders Mortgage Insurance could help them buy a home sooner

23/09/2024: Helia’s [2024 Home Buyer Sentiment Report](#), released today, reveals that ‘cost of living’ (54%) has for the first time, surpassed ‘housing affordability’ (43%) as the key barrier to entering home ownership. This shift reflects the evolving economic environment that is impacting potential first home buyers’ abilities to save the traditional 20% deposit. The independent survey of over 3,000 home buyers aspiring to purchase property highlights this challenge, with 85% finding increased difficulty in saving for a deposit.

In fact, the average time it takes to save the ‘traditional’ 20% deposit for a house in Sydney is 14 years, compared to 9 years in Melbourne or Brisbane. This compared to saving the 20% deposit for an apartment, which averages 8 years in Sydney, and 6 years in either Melbourne or Brisbane.

Despite tough market conditions though, seven in ten home buyers still believe ‘now is a good time to purchase property’, showing a growing sense of urgency and confidence in the property market. It’s a belief that has been steadily increasing from 63% in 2023 and 57% in 2022, despite rising property prices.

The Bank of Mum and Dad (BOMAD) – instalments overtake lump sum loans

First home buyers (FHBs) in particular are motivated by a sense of urgency to enter the property market. The report highlights the increase in FHBs tapping into the Bank of Mum and Dad (BOMAD), with instalment-based support now more common than lump sum contributions.

BOMAD-support is becoming popular for FHBs, with nearly two-thirds (63%) receiving financial support from family in 2024, up from 42% in 2023. However, the type of support is changing. While parents helping with deposits is still common, it dropped from 60% in 2023 to 47% in 2024. Instead, there’s been a 10% increase in support for ongoing costs such as mortgages and strata fees (25%). This highlights that most FHBs still need to save a significant portion of the 20% deposit themselves.

Lenders Mortgage Insurance (LMI) - consideration increases

There are now several strategies available to assist aspiring home buyers on their journey to home ownership with awareness and interest in LMI steadily rising. According to the latest report, the consideration for LMI among FHBs has increased to 77% this year, up from 59% in 2023. This reflects the heightened urgency to get into the property market.

Greg McAweeney, Chief Commercial Officer at Helia states, “With 84% of home buyers in the *2024 Home Buyer Sentiment Report* emphasising the importance of securing a home sooner rather than saving for a larger deposit, LMI offers a pathway for more home buyers to purchase their home sooner and avoid being outpaced by the rising property market”.

McAweeney adds, “With potentially just a five per cent deposit, LMI is a smart and effective strategy for those eager to enter the property market sooner. The equity gained from buying early often outweighs the cost of the LMI fee over time”.

Home buyers making significant sacrifices to save

Home buyers are making significant efforts to save for a deposit. Nearly a third (31%) of home buyers have taken on overtime work, and almost a quarter (23%) have pursued secondary jobs. Additionally, they are cutting back on non-essentials, including takeaway coffee and food (48% and 44% respectively), hobbies (41%) and subscription services (34%). Concerningly, one in five (21%) are even reducing their spending on health to achieve home ownership.

The growing cost of living has extended the home buying timeline, with a quarter saving for three to five years and 17% saving for over five years. This has led many FHBs to make compromises to enter the market sooner. While there is a clear preference for properties in capital cities, FHBs are adjusting their criteria, with over two-thirds considering properties in outer suburbs (71%), 40% exploring interstate options (up from 34% in 2023) and two-thirds considering smaller properties (70%) or apartments (64%).

Introducing the Helia Home Buyer Sentiment Index

For the first time, Helia’s *2024 Home Buyer Sentiment Report* includes the *Helia Home Buyer Sentiment Index*, which measures three components – confidence, urgency and sacrifice – to benchmark how FHBs feel within the real estate market. This year’s index stands at 52, providing insight into the mindset and challenges of FHBs. McAweeney comments, “The *Helia Home Buyer Index* reveals the emotions behind home buyer behaviour, showing how they adjust expectations and seek alternative pathways to home ownership. Despite these challenges, there remains a significant gap in understanding the home buying process.”

Mortgage brokers play a vital role supporting home buyers

Over half of home buyers (56%) expressed a need for support with research and decision making. FHBs are increasingly turning to mortgage brokers for assistance, with nine out of ten (91%) likely to use a broker to evaluate their financial situation, provide guidance and access better deals.

“Understanding your buying limits is crucial in the home buying process. Research is a pivotal part of the process and mortgage brokers play an essential role in helping home buyers find the best options to achieve their home ownership without feeling overwhelmed.” McAweeney notes, highlighting educational resources and estimators such Helia’s award-winning [Deposit Comparison Estimator](#) to help home buyers consider all their deposit options.

For more information visit www.helia.com.au.

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NOTES TO THE EDITOR

About the data

The *2024 Helia Home Buyer Sentiment Report* is based on research commissioned by Helia and conducted by independent research agency, CoreData of 3,002 home buyers (first home buyers, investors, additional property buyers) around the country, examining their attitudes, behaviours, and outlook in relation to home ownership. The survey was completed in August 2024.

Recommended citation: *'2024 Helia Home Buyer Sentiment Report'*.

About Helia

Helia is Australia's first Lenders Mortgage Insurance (LMI) provider, and with almost 60 years in the residential mortgage market has been dedicated to helping aspiring home buyers realise their property dreams. Helia exists to accelerate financial wellbeing, through home ownership, now and for the future.

Since 2010, LMI has enabled almost over 1.2 million Australians to enter the housing market earlier than they would have been able to by saving a traditional 20% deposit. In 2023, Helia supported 42,641 home buyers and approved 9,064 hardship requests helping people stay in their homes by supporting loan deferrals and restructures.

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