

The Genworth First Home Buyer Sentiment Report

September 2019



Report prepared by

CORE DATA

Genworth 

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About Genworth

Genworth Mortgage Insurance Australia (Genworth), is the leading Lenders Mortgage Insurance (LMI) provider in Australia and a provider of capital and risk management solutions in the Australian residential mortgage market. LMI facilitates residential mortgage lending by transferring risk from lenders to LMI providers, predominantly for high loan-to-value ratio loans.

Genworth has been part of the Australian residential mortgage lending market for over 50 years. It started operations as the Housing Loans Insurance Corporation which was founded by the Australian Government in 1965 to provide LMI in Australia. Genworth listed on the Australian Securities Exchange in 2014 and currently has commercial relationships with more than 100 lenders across Australia. Over the past 20 years Genworth has written more than 3.3 million LMI policies representing over \$760 billion of home loans that have enabled Australians to achieve their dream of home ownership.

1. Basis of this Report

The Genworth First Home Buyer Sentiment Report has been prepared on the basis of:

- The findings of a survey (commissioned by Genworth and undertaken by CoreData) during the period June 2019 to July 2019 of 2,001 Prospective First Home Buyers and 1,008 Recent First Home Buyers across Australia, including all capital cities and regional areas; and
- Desktop research and analysis undertaken by CoreData.

Who constitutes a Prospective First Home Buyer?

A Prospective First Home Buyer (or Prospective FHB) is defined as someone who is looking to buy their first property in the next 24 months.

Who constitutes a Recent First Home Buyer?

A Recent First Home Buyer (or Recent FHB) is defined as someone who has bought their first property in the previous 24 months.

Geographic spread of survey

The geographic split of survey respondents closely matches the geographic distribution of the broader Australian population. A table showing the breakdown of survey respondents by state/territory and location (metropolitan and regional) is shown below.

Figure 1 - Breakdown of survey respondents by state/territory and location

Location	Prospective First Home Buyer	Recent First Home Buyer
ACT	1.4%	1.8%
NSW Capital City (Sydney)	22.2%	16.5%
NSW Regional/Rural	12.2%	12.0%
NT	0.8%	0.4%
QLD Capital City (Brisbane)	11.0%	9.5%
QLD Regional/Rural	9.1%	10.5%
SA Capital City (Adelaide)	6.2%	6.6%
SA Regional/Rural	0.7%	1.6%
Tasmania	1.3%	1.8%
VIC Capital City	20.5%	16.0%
VIC Regional/Rural	6.9%	11.7%
WA Capital City (Perth)	6.7%	9.0%
WA Regional/Rural	1.2%	2.6%
Overall	100.0%	100.0%



2. Executive Summary

Prospective First Home Buyers (Prospective FHBs) have been closely monitoring property price movements over the past five years.

Having witnessed aggressive price appreciation in the period 2014 until 2017 - resulting in first home buyer participation reaching less than half the 2009 levels - Prospective FHBs view recent price moderation as a window of opportunity to get a foothold in the property market.

This in turn has driven some distinct trends and structural changes, particularly in major capital cities such as Sydney and Melbourne, where the steepest house price appreciation was experienced.

Almost **three in four (72.4%)** Prospective FHBs believe that now is a good time to buy, with more than **one in two (51.8%)** of the opinion that recent price moderation will not last. As a result, almost **three in five (59.3%)** are proposing to enter the property market sooner with a less than 20% deposit.



To bridge the deposit gap, first home buyers (both prospective and recent) are looking for financial support from other sources, such as the 'Bank of Mum and Dad', Government assistance programs and Lenders Mortgage Insurance.

Almost **seven in ten (68.7%)** Recent First Home Buyers (Recent FHBs) reported that they did not fund 100% of their deposit from their own savings, with the **majority (56.9%)** relying on parental or family assistance and more than a **third (35.6%)** taking out Lenders Mortgage Insurance.



Whilst parental and family support is understandable, the increasing use of parental and family guarantees is cause for concern given the "knock-on" effect in the event of borrower default.

There are also broader implications for the strength and stability of the Australian financial system in the event of an economic downturn.

The survey results captured in this Report indicate that the traditional Australian dream of buying a free-standing home to grow old in, is being increasingly replaced with a more pragmatic approach.

Almost **one in three (32.3%)** Prospective FHBs are looking to buy an "entry level" property and **selling within five years**. This is more than double the proportion of Recent FHBs, with **one in six (15.8%)** Recent FHBs planning to sell within five years.

Small Apartments¹ are progressively becoming the first property of choice for many Prospective FHBs. This is particularly the case in Sydney where more than **one in three** Prospective FHBs and Melbourne where **one in four** Prospective FHBs, are planning to buy a Small Apartment.

Investment properties are also gaining popularity. **One in six (15.5%)** Prospective FHBs responded that they are planning to enter the market by way of an investment property purchase compared to only **one in ten (10.3%)** Recent FHBs.

These emerging trends and structural changes require a range of stakeholders (both private and public) to work together to develop solutions that address the evolving needs of first home buyers and support the ongoing strength and stability of the Australian financial system.



For the private sector, the opportunity exists to develop new products and enhance existing offerings, to provide first home buyers with options and the flexibility to enter the property market sooner in a responsible manner.

¹ A Small Apartment is defined as an apartment with one or two bedrooms





3. First home buyer market overview

Snapshot



Recent house price depreciation is providing the impetus for more first home buyers to enter the Australian property market



First home buyers currently constitute 28.9%² of the Australian residential mortgage lending market

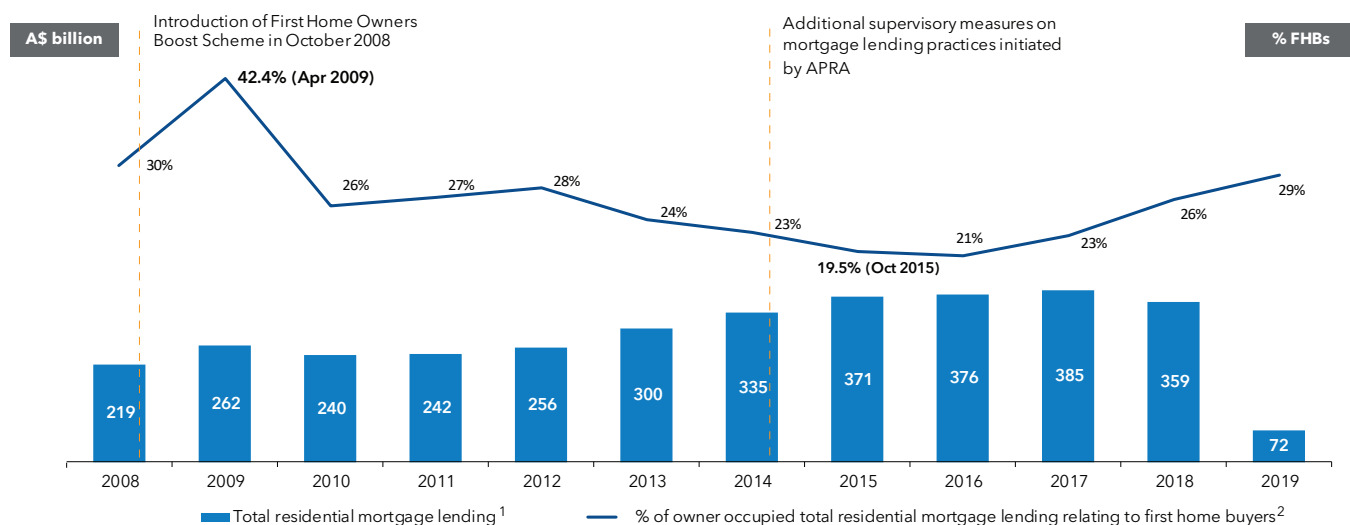


Whilst this is not at the peak levels of 42.4% reached in April 2009, it is well above the low of 19.5%³ experienced in October 2015

The Australian residential mortgage lending market has grown steadily over the past 10 years from \$262 billion in 2009 to \$359 billion in 2018⁴. This growth reflects a fundamentally solid economy with relatively low unemployment rates, ongoing infrastructure investment and strong commodity exports supported by lower exchange rates.

Within this environment, the first home buyer segment of the market has fluctuated from a high of 42.4% in April 2009⁵ (largely attributable to the Rudd Government's 'First Home Owner Boost Scheme') to lows of 19.5% to 20.3% over the period from October 2015 to May 2017⁶.

Figure 2 - First home buyer activity and total residential mortgage lending (2008-2019)



Sources: 1. APRA Quarterly ADI property exposures statistics (ADIs new housing loan approvals), March 2019, 2. ABS Catalogue 5601.0, June 2019. Unless otherwise indicated, the % FHB figure refers to the average for the year.

² ABS Catalogue 5601.0: Lending to households and businesses, Australia, June 2019

³ ABS Catalogue 5601.0: Lending to households and businesses, Australia, June 2019

⁴ APRA Quarterly ADI property exposures statistics (ADIs new housing loan approvals), March 2019

⁵ ABS Catalogue 5601.0: Lending to households and businesses, Australia, June 2019

⁶ ABS Catalogue 5601.0: Lending to households and businesses, Australia, June 2019



These low levels of first home buyer participation in the market were driven by rapid home price appreciation with many first home buyers being 'priced out of the market', particularly in capital cities such as Sydney and Melbourne.

In Sydney for example, the median house price peaked at \$1,034,000 in 2017 with apartments hitting a high of \$773,000 - higher than the current median house price in every other capital city.

Figure 3 - Median house and apartment prices by capital city (2014-2019)

City	Year ended 30 June	Median house price ¹	Median unit price ¹	Years to save a 20% deposit for median-priced house ²	Years to save a 20% deposit for median-priced unit ²
Sydney	2014	\$721,294	\$591,031	11.8	9.6
	2015	\$858,248	\$669,538	13.8	10.8
	2016	\$876,780	\$689,855	14.0	11.0
	2017	\$1,033,818	\$773,102	16.4	12.3
	2018	\$971,096	\$741,946	15.3	11.7
	2019	\$866,524	\$682,374	13.5	10.6
Melbourne	2014	\$552,857	\$460,263	9.0	7.5
	2015	\$640,376	\$482,102	10.3	7.8
	2016	\$686,682	\$493,210	11.0	7.9
	2017	\$802,109	\$535,870	12.7	8.5
	2018	\$804,152	\$545,702	12.6	8.6
	2019	\$709,092	\$527,748	11.1	8.2
Brisbane	2014	\$481,837	\$400,125	7.8	6.5
	2015	\$499,700	\$400,277	8.0	6.4
	2016	\$521,595	\$402,092	8.3	6.4
	2017	\$538,324	\$386,334	8.6	6.1
	2018	\$546,862	\$383,068	8.6	6.0
	2019	\$533,133	\$372,396	8.3	5.8
Adelaide	2014	\$417,793	\$296,559	6.8	4.8
	2015	\$426,867	\$304,063	6.9	4.9
	2016	\$440,483	\$312,209	7.0	5.0
	2017	\$459,931	\$316,215	7.3	5.0
	2018	\$467,683	\$319,666	7.4	5.0
	2019	\$465,266	\$322,598	7.3	5.0
Perth	2014	\$561,398	\$464,558	9.1	7.6
	2015	\$542,073	\$446,168	8.7	7.2
	2016	\$518,901	\$417,485	8.3	6.7
	2017	\$507,994	\$398,351	8.1	6.3
	2018	\$503,223	\$383,503	7.9	6.0
	2019	\$458,137	\$345,754	7.1	5.4

Sources: 1. CoreLogic median price series, July 2019, 2. ABS Catalogue 6302.0, May 2019. The years to save is calculated as a Prospective FHB (earning the average income) saving 20% of this after-tax income towards a 20% deposit for a median-priced house or unit.

Over the past 18 to 24 months this trend has reversed, with house price moderation experienced nationally due to tighter credit conditions, a contraction in the investment property market (reflecting macro prudential regulatory measures introduced by APRA), heightened uncertainty in the lead-up to the May 2019 Federal Election and ongoing slow growth in household income, coupled with cost of living pressures.



Australian house values are currently down 8.4% from the 2017 high and the median house price sits at \$530,317⁷. This decline, combined with historically low interest rates and relatively high employment levels, has provided a window of opportunity for first home buyers to re-enter the property market.

As at 30 June 2019 first home buyers comprised 28.9%⁸ of the market.

Figure 4 - Median House Prices and other key economic indicators (2014-2019)

	Average after-tax income ¹	Median Australian house price ²	Years to save a 20% deposit ³	Cash rate ⁴	Unemployment rate ⁵
June 2014	\$61,383	\$463,185	7.5	2.50%	6.00%
June 2015	\$62,101	\$507,575	8.2	2.00%	6.10%
June 2016	\$62,588	\$522,324	8.3	1.75%	5.60%
June 2017	\$62,939	\$579,082	9.2	1.50%	5.60%
June 2018	\$63,615	\$572,937	9.0	1.50%	5.40%
June 2019	\$64,135	\$530,317	8.3	1.25%	5.20%

Sources: 1. ABS Catalogue 6302.0, May 2019, 2. CoreLogic median price series, July 2019, 3. The years to save is calculated as a Prospective FHB (earning the average income) saving 20% of this after-tax income towards a 20% deposit for a median-priced house, 4. RBA Table A2, June 2019, 5. ABS Catalogue 6202.0, July 2019

Looking ahead, the resurgence of the first home buyer sector is expected to continue, as stimuli on multiple fronts (notably the RBA cash rate cuts, APRA changes to serviceability, Government tax cuts and continued infrastructure investment at a State and Federal level) provide foundational support to the economy.

⁷ CoreLogic Hedonic Home Value Index, July 2019

⁸ ABS Catalogue 5601.0: Lending to households and businesses, Australia, June 2019



4. First home buyer sentiment

Snapshot



A renewed sense of optimism has emerged amongst first home buyers



~3 in 4 Prospective FHBs believe now is a good time to buy



68.0% of Recent FHBs and 58.8% of Prospective FHBs believe property prices will stabilise or increase over the next 12 months

Having witnessed rapid house price appreciation from 2014 to 2017, recent price moderation is perceived as a window of opportunity by many first home buyers.

Almost three in four (72.4%) Prospective FHBs believe that now is 'a good time to buy', with one in two (51.8%) of them citing recent 'falling property prices' as the primary reason.

“ It is better to pay off your own home than someone else's. Mortgages aren't scary as long as your job is secure. ”

- Female, 19 years old, Victoria

“ My current rent would equate to mortgage, rates, water rates and insurance costs on a home of my own. ”

- Female, 49 years old, Western Australia



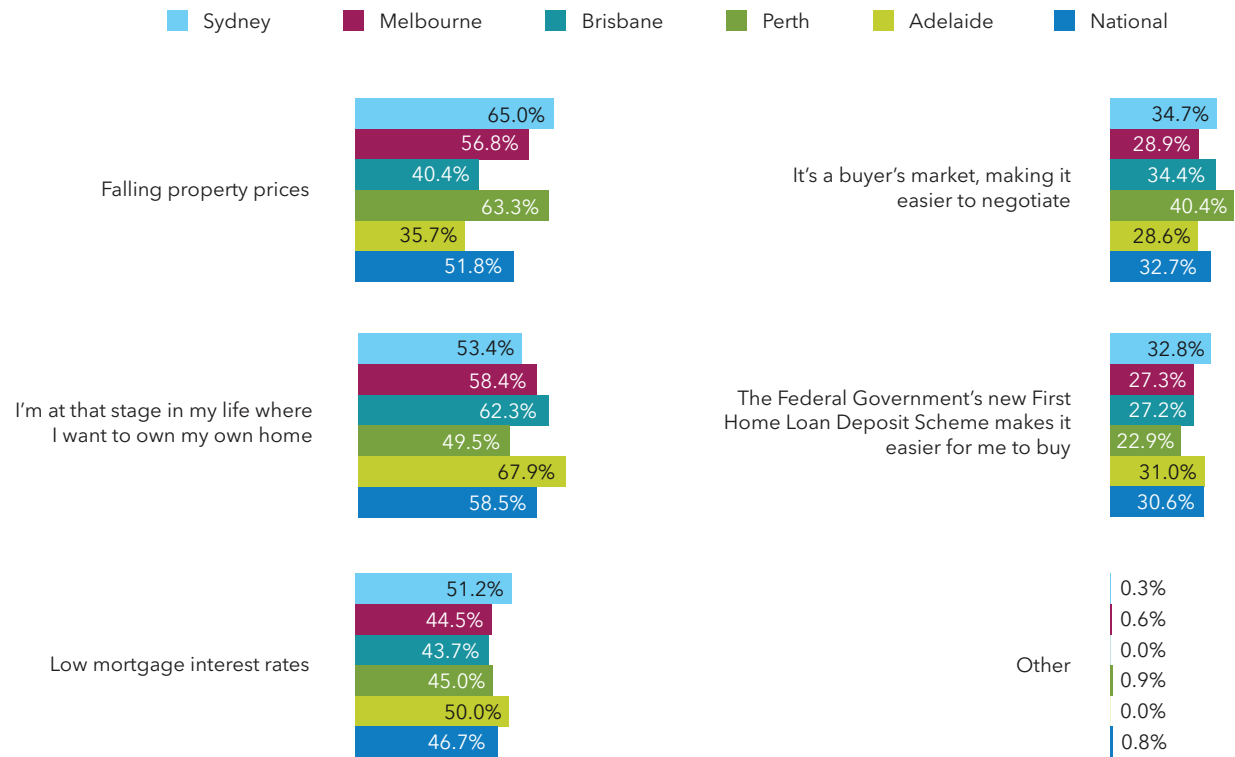
Interestingly, Perth based Prospective FHBs are the most optimistic, with 82.0% responding that now is a good time to buy, and 63.3% of them citing 'falling property prices' as the reason.

Melbourne and Sydney based Prospective FHBs are also optimistic with a strong majority (75.1% and 73.6% respectively) stating that now is a good time to buy. Unsurprisingly, 'falling property prices' was a primary reason given by these respondents, with 65.0% of Sydney based Prospective FHBs and 56.8% of Melbourne based Prospective FHBs attributing house price depreciation as a motivating factor in deciding to enter the property market now.





Figure 5 - Reasons for believing it is a good time to buy a property now



n = 2,001

Although recent property price depreciation is viewed as a positive by Prospective FHBs, Recent FHBs are starting to show signs of buyer's remorse, with almost two in five (38.5%) expressing concern about recent price moderation. This is particularly the case amongst Sydney and Perth based Recent FHBs, with 55.8% in Sydney and 46.2% in Perth anxious about the weakening property market.



The prevailing view however is that the worst is over, with more than two in three (68.0%) Recent FHBs and almost three in five (58.8%) Prospective FHBs expecting property prices to increase or stabilise over the next 12 months.

The current low interest rate environment whilst a welcome incentive for first home buyers, is not a deal-breaker in terms of entering the property market, with more than three in four (74.9% of Prospective FHBs and 77.5% of Recent FHBs) stating that they would proceed with a property purchase regardless of higher interest rates.



There are however some pockets of concern. One in seven (14.5%) Prospective FHBs and one in 10 (10.0%) Recent FHBs stated that they don't feel secure in their employment.

This concern was more pronounced in Adelaide, with 22.6% of Prospective FHBs expressing job security concern, followed by Melbourne (15.9%), with Sydney based Prospective FHBs reporting the lowest level of concern (13.8%).

“ ... [getting a home loan will be difficult as]...I don't feel very secure in my job. ”

- Male, 34 years old, Victoria

“ As a casual employee the banks won't favour giving me a loan... ”

- Male, 34 years old, South Australia





5. Barriers to entry

Snapshot

Recent FHBs and Prospective FHBs reported the 3 biggest barriers to buying a home as:



'Affordability of the housing market'



'Saving a 20% deposit'

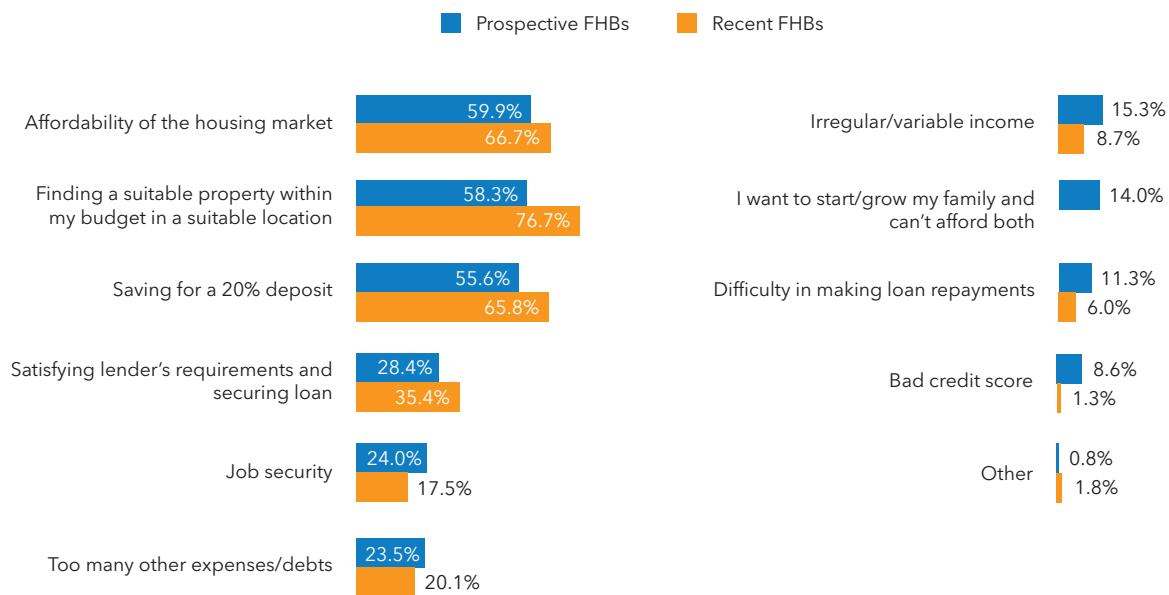


'Finding a suitable property within budget'

Within the dynamic Australian property market, first home buyers face a range of barriers to owning their first home.

Reflecting the rapid house price appreciation experienced in the three-year period up until 2017, more than three in four (76.7%) Recent FHBs cited '*finding a suitable property within my budget in a suitable location*' as a top-three barrier to entering the property market. This was followed by '*affordability of the housing market*' (66.7%) and '*saving for a 20% deposit*' (65.8%).

Figure 6 - The barriers to owning a property for Prospective and Recent FHBs



n = 2,001 Prospective FHBs; 1,008 Recent FHBs



In comparison, the house price moderation experienced over the past two years has slightly alleviated the affordability barriers that Prospective FHBs perceive as preventing them from buying their first home.

Prospective FHBs however are concerned about their ability to secure a loan to buy a home. Almost three in four (74.6%) responded that they expect it to be difficult to obtain a home loan with close to three in 10 (28.4%) expressing concern about being able to satisfy lender requirements to secure a loan.

“ I have heard that lenders look at what money you have saved ... and scrutinise all of your transactions to discern your spending habits... ”

- Female, 28 years old, South Australia

“ Banks aren't lending as much as they were previously. Property prices are getting higher faster than saving for a deposit is possible. ”

- Female, 27 years old, Victoria

“ I think there is a lot of scrutiny from the banks, and I have had friends who have had a similar situation to my own that have found it difficult. ”

- Female, 38 years old, New South Wales

Given the backdrop of modest wage growth and the rising cost of living, more than four in five (83.3%) Prospective FHBs reported finding it difficult to save a deposit.

“ We earn good salaries so were not worried about the ability to make mortgage repayments but saving a 20% deposit on top of rent and all other living expenses was impossible for us. ”

- Male, 35 years old, Western Australia

“ Living costs are going up and pay rates are not ... it is very difficult to obtain a home loan. ”

- Female, 27 years old, Queensland





6. Saving for a deposit

Snapshot



~3 in 5 Prospective FHBs are planning to buy a home now with less than a 20% deposit



~7 in 10 Recent FHBs did not fund 100% of their deposit from their own savings



Government assistance, the 'Bank of Mum & Dad' and LMI are among the strategies used to bridge the deposit gap

Reflecting the challenges in saving a deposit but keen to capitalise on recent property price moderation, there is an increasing propensity for Prospective FHBs to buy a home sooner with less than a 20% deposit.



Almost three in five (59.3%) Prospective FHBs are proposing to buy now with a smaller deposit rather than wait until they have saved a 20% deposit.

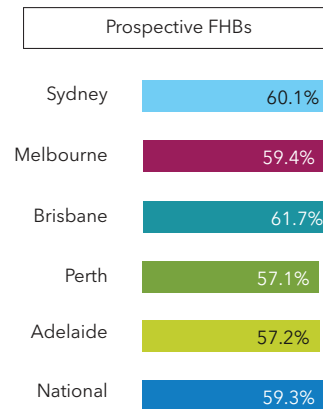
This tendency is slightly more pronounced in the eastern capital cities, reflecting steeper house price appreciation and higher median home prices.

In comparison, just under one in two (47.4%) Recent FHBs purchased their first property with less than a 20% deposit.

“ Shop around. You don't necessarily need a 20% deposit to get into the market. ”

- Male, 32 years old, Victoria

Figure 7 - The proportion of Prospective FHBs who propose to buy with a less than 20% deposit



n = 2,001

To bridge the deposit gap, Prospective FHBs are planning to rely on other sources of support.

“ Because my credit may be poor I will have to go through family members to secure a loan. ”

- Male, 30 years old, Victoria

“ I feel I can do it with help from my parents. ”

- Male, 29 years old, New South Wales

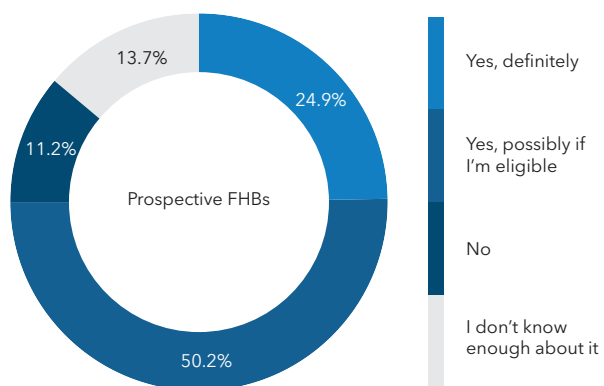
“ If necessary take out LMI because mortgage repayments are less than or equal to rent. ”

- Female, 35 years old, Victoria



Three in four (75.1%) are proposing to apply for the Federal Government's 'First Home Loan Deposit Scheme', more than one in four (27.5%) are likely to ask their parents or family for assistance and one in six (15.8%) are planning to use Lenders Mortgage Insurance.

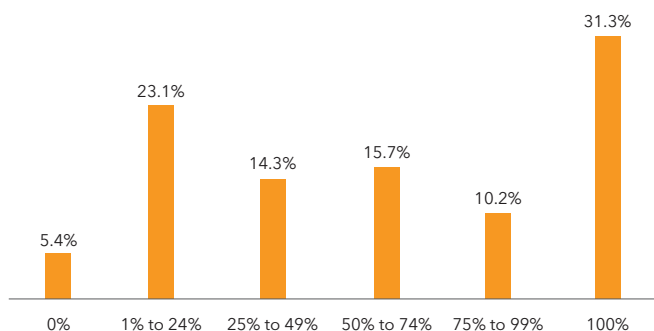
Figure 8 - The proportion of Prospective FHBs who propose to apply for the Federal Government's "First Home Loan Deposit Scheme"



n = 2,001

This is consistent with the path to home ownership taken by Recent FHBs, with almost seven in 10 (68.7%) reporting that they did not fund 100% of their deposit from their own savings.

Figure 9 - Recent FHBs: proportion of deposit from own savings



n = 1,008

Among these, the majority (56.9%) of Recent FHBs relied on parental or family assistance, which took a variety of forms including gifts, guarantees and loans.



Whilst parental and family support is understandable, the increasing use of parental and family guarantees is cause for concern given the 'knock-on' effect in the event of borrower default.

There are also broader implications for the strength and stability of the Australian financial system in the event of an economic downturn.

“ I had a stable income, some savings and a gift from my parents to get me over the 20% deposit. ”

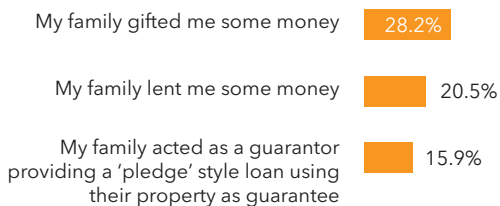
- Female, 33 years old, Victoria

Lenders Mortgage Insurance (LMI) was also a popular option, with more than one in three (35.6%) Recent FHBs stating that they used LMI to secure a home loan with a less than 20% deposit.






Figure 10 - Use of parental/family assistance amongst Recent FHBs



*Multiple answers allowed

n = 692 Recent FHBs who did not source 100% of the deposit from their savings.

 Of those that used LMI, the majority (56.5%) reported doing so because 'it would have taken too long to save a 20% deposit' and almost one in two (46.2%) said they 'wanted to buy their first home as soon as possible'.

Despite the proposed reliance on Government and parental or family assistance, Prospective FHBs are also prepared to 'tighten their belt' to buy a home sooner. More than one in two (52.5%) are planning to 'cut back on lifestyle expenses', such as dining out, holidays and entertainment. Almost one in three (32.7%) are planning to work overtime and almost one in four (23.2%) are planning to take on a second job.

Many are also making personal sacrifices, with one in five (19.8%) Prospective FHBs proposing to delay starting or growing a family, and one in seven (14.3%) planning to move in with their parents, family or friends.

“ Live with family to save ...you also need to take into account the bills and living expenses you will have. ”
- Female, 31 years old, Western Australia



7. Emerging trends and structural changes

Snapshot



1 in 3 Prospective FHBs propose selling their first property within 5 years



Small Apartments and investment properties are increasingly becoming the property of choice for first home buyers in Sydney and Melbourne



Media is a significant influence on Prospective FHB decisions of when, where and what to buy

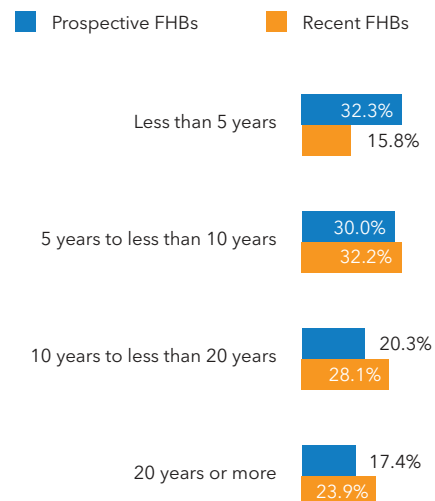
“ Ultimately buying is better than renting so make it happen. ”

- Male, 33 years old, New South Wales



To leverage the opportunity that exists, a growing number of Prospective FHBs are planning to buy an 'entry level' property and sell within five years.

Figure 12 - Duration that Prospective and Recent FHBs propose to hold their first property



n = 2,001 Prospective FHBs; 1,008 Recent FHBs

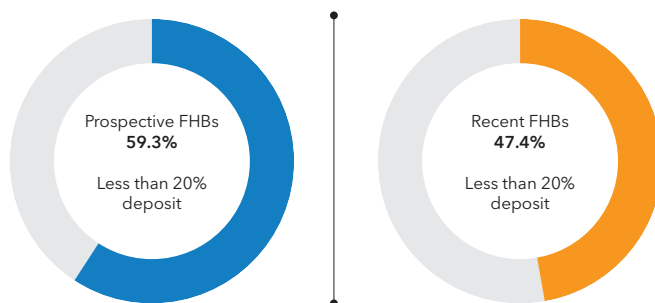
This is a departure from the traditional first home buyer modus operandi of owning a property for a lifetime. Almost one in three (32.3%) Prospective FHBs are looking to sell their first property within five years, with the trend more pronounced in Sydney (39.5%) and Melbourne (36.3%).

The dramatic house price movements over the past five years (particularly in major capital cities, such as Sydney and Melbourne) are giving rise to some distinct structural changes and emerging trends in the Australian first home buyer market.

The traditional Australian dream of a free-standing home to grow old in is being superseded, as first home buyers look at new ways to get a foothold in the competitive and dynamic property market.

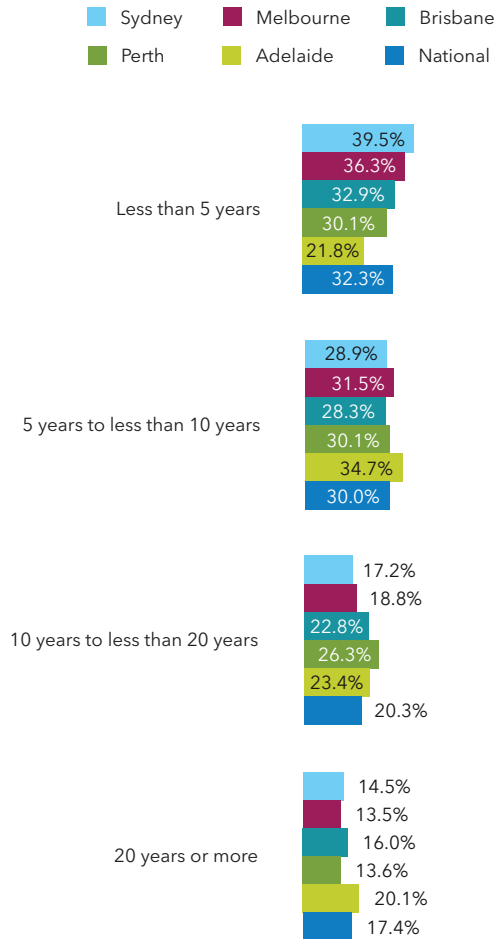
Having witnessed rapid house price appreciation in the three-year period from 2014 to 2017, Prospective FHBs perceive the recent moderation in prices as an opportunity to enter the market now, before prices start to increase again. This is evidenced by the larger proportion of Prospective FHBs (59.3%) prepared to buy sooner with less than a 20% deposit compared to Recent FHBs (47.4%).

Figure 11 - The proportion of Prospective FHBs and Recent FHBs with less than 20% deposit



n = 2,001 Prospective FHBs; 1,008 Recent FHBs

Figure 13 - Duration that Prospective FHBs propose to hold their first property



n = 2,001

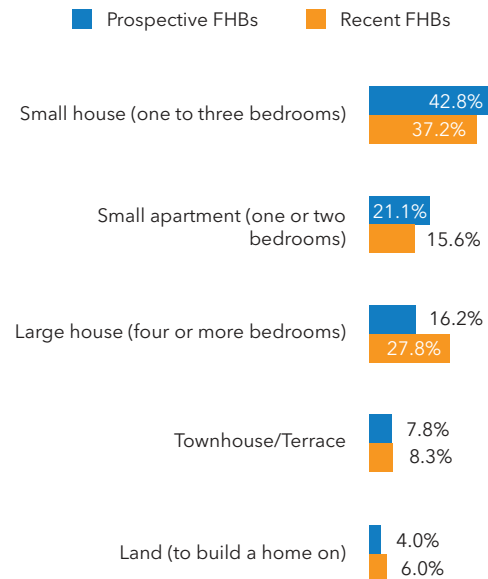
“ You need to know what you are buying for. Will it be long term living or just entry into real estate and sell once you have a profit. ”

- Female, 29 years old, Victoria

Given the intention to hold for less than five years, many Prospective FHBs are increasingly looking at Small Apartments⁹ as their first property purchase.

More than one in five (21.1%) Prospective FHBs are opting to buy Small Apartments, compared to one in six (15.6%) Recent FHBs. This trend is more pronounced in capital cities that have experienced rapid price appreciation since 2014.

Figure 14 - Property type preferences amongst Prospective and Recent FHBs



*Top 5 answers only

n = 2,001 Prospective FHBs; 1,008 Recent FHBs

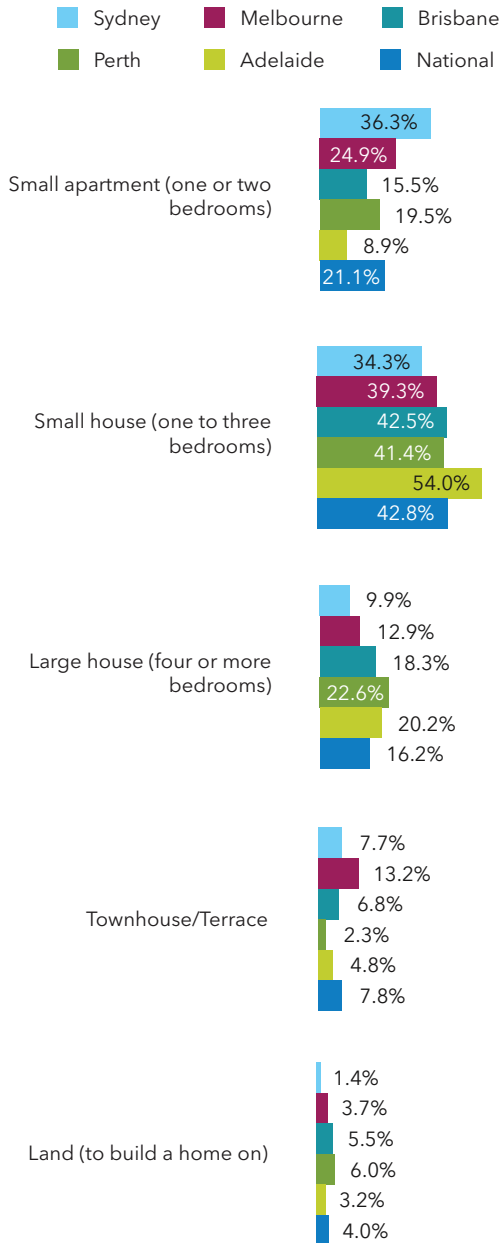


In Sydney for example, Small Apartments are the most popular property amongst Prospective FHBs, with more than one in three (36.3%) choosing this type of dwelling to buy.

⁹ A Small Apartment is defined as an apartment with one or two bedrooms

This compares to a slightly lower proportion (34.3%) planning to buy a Small House¹⁰ and much smaller proportions looking to buy a Large House¹¹ (9.9%), a townhouse or terrace (7.7%) or a Large Apartment¹² (4.3%).

Figure 15 - Property type preferences amongst Prospective FHBs



*Top 5 answers only

n = 2,001

¹⁰ A Small House is defined as a free-standing house with one to three bedrooms

¹¹ A Large House is defined as a free-standing house with four or more bedrooms

¹² A Large Apartment is defined as an apartment with three or more bedrooms

Investment properties are also gaining popularity amongst Prospective FHBs as a means to enter the property market sooner and leverage property price appreciation, whilst servicing the loan via the rental receipts.

More than one in six (15.5%) Prospective FHBs are planning to buy an investment property as their first home, compared to one in 10 (10.3%) Recent FHBs who bought one.

This trend again is more pronounced in capital cities that have experienced rapid price appreciation.

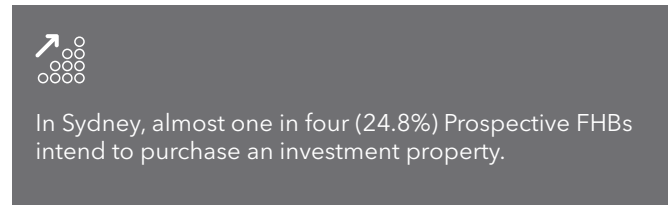
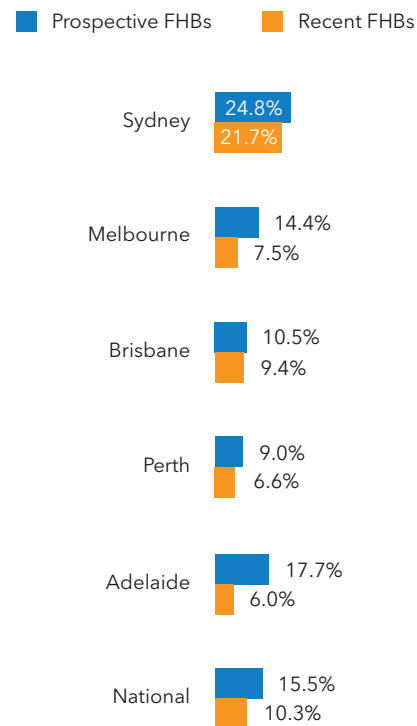



Figure 16 - The proportion of Prospective FHBs who intend to purchase an investment property and Recent FHBs who purchased an investment property



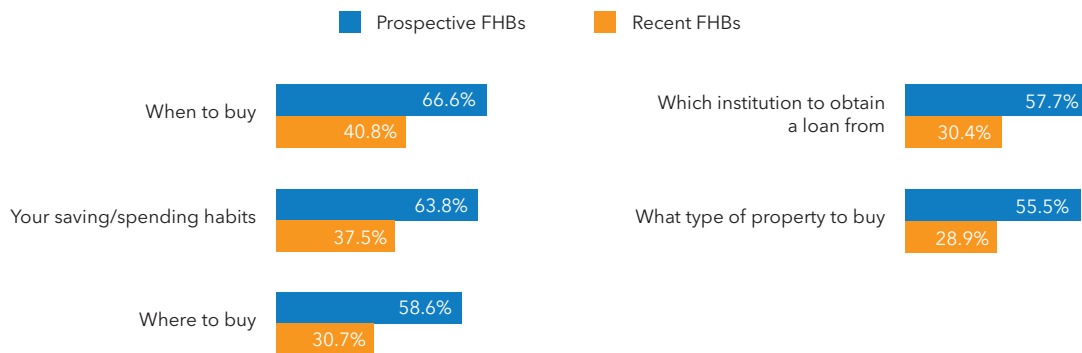
n = 2,001, Prospective FHB; 1,008, Recent FHB

In a world of increasing information, it is interesting to note the growing influence of media on the decision-making process of Prospective FHBs.

 Two in three (66.6%) Prospective FHBs reported that the media has influenced their decision on timing of their first property purchase, compared to two in five (40.8%) Recent FHBs.

Almost three in five Prospective FHBs say their decision of where to buy (58.6%) and what type of property to buy (55.5%) was influenced by the media. This compares to three in 10 Recent FHBs (where to buy: 30.7%, what type of property to buy: 28.9%).

Figure 17 - The influence of media on FHB decisions



n = 2,001 Prospective FHB; 1,008 Recent FHB







8. Concluding remarks

The survey results together with the desktop research undertaken to prepare this Report demonstrate that dynamic property market conditions over the past five years are driving changes in the first home buyer segment.

Affordability is a major barrier to entry for many first home buyers that will continue to be exacerbated by population growth, particularly in the major capital cities.

In response, first home buyer behaviour is evolving and their needs are changing, with distinct trends emerging as first home buyers try to overcome the affordability challenges they face.

The increasing reliance on parental and/or family support is an area that warrants further examination - especially the growing use of parental guarantees, which in large numbers have the potential to place undue stress on the Australian financial system and result in unintended broader social consequences in the event of an economic downturn.

It is important that a range of stakeholders, both public and private, work together to develop a range of complementary solutions and offerings that address the evolving needs of first home buyers and support the ongoing stability and strength of the Australian financial system.

For the private sector, it is clear that an opportunity exists to enhance existing products and develop new offerings that provide first home buyers with options and the flexibility to enter the property market sooner.

9. Glossary

ABS:	Australian Bureau of Statistics
APRA:	Australian Prudential Regulation Authority
CoreData:	CoreData Pty Limited Suite 7, Level 9, 66 Hunter St Sydney NSW 2000
CoreData Survey or Survey:	Survey of 2,001 Prospective First Home Buyers and 1,008 Recent First Home Buyers was undertaken by CoreData on behalf of Genworth during the period June 2019 to July 2019 across Australia, including all capital cities and regional areas. The geographic split of survey respondents closely matched the geographic distribution of the broader Australian population
CoreLogic:	RP Data Pty Ltd trading as CoreLogic Asia Pacific (ABN 67 087 759 171)
FHB:	First home buyer
Genworth:	Genworth Mortgage Insurance Australia Limited is a public company listed on the Australian Securities Exchange. Through its subsidiary companies Genworth Financial Mortgage Insurance Pty Ltd and Genworth Financial Mortgage Indemnity Ltd, Genworth is the leading provider of Lenders Mortgage Insurance in the Australian residential mortgage market
Lenders Mortgage Insurance or LMI:	An insurance policy that lenders take out to protect themselves against the risk that a borrower defaults on his/her home loan repayments and the lender is unable to recover the full outstanding loan amount
Prospective First Home Buyer or Prospective FHB:	Someone who is looking to buy their first property in the next 24 months
Recent First Home Buyer or Recent FHB:	Someone who has bought their first property in the past 24 months
Report:	This report titled "The Genworth First Home Buyer Sentiment Report" commissioned by Genworth and prepared by CoreData dated 22 September 2019
RBA:	Reserve Bank of Australia
The 'Bank of Mum and Dad':	Parental or family assistance provided to first home buyers to buy a home. This assistance can take the form of a monetary gift, a loan guarantee and/or a loan

