



Australian Government



NHFIC

National Housing Finance
and Investment Corporation

FHILDS

—
First Home Loan Deposit Scheme
and New Home Guarantee
Trends & Insights Report
2020–21

About the First Home Loan Deposit Scheme and New Home Guarantee

The First Home Loan Deposit Scheme (FHLDS) and New Home Guarantee (NHG) are Australian Government initiatives to support eligible home buyers purchase their first home sooner.

The First Home Loan Deposit Scheme (FHLDS) is an Australian Government initiative to support eligible first home buyers to purchase their first home sooner. The Scheme launched on 1 January 2020 with two major lenders and 25 non-major lenders on 1 February 2020 (a total of 27 lenders) offering guaranteed loans, and Scheme places not taken up in financial year 2019–20 (2019–20) were made available during financial year 2020–21 (2020–21).

The New Home Guarantee (NHG) was introduced to help first home buyers purchase a new home sooner. The Australian Government announced the NHG on 6 October 2020 as part of the 2020 Budget, and the NHG commenced on 2 November 2020, with 10,000 Scheme places released for the financial year.

This research paper covers the FHLDS and NHG data for 2020–21.

Under FHLDS and NHG, eligible first home buyers can purchase a home with a deposit of as little as 5%. This is because NHFIC guarantees Scheme lenders up to 15% of the value of the property financed by an eligible first home buyer's home loan. Under the NHG, first home buyers must either build a new dwelling or purchase a newly built dwelling.

Buyers must satisfy certain eligibility requirements, including that they have a taxable income under \$125,000 per annum in the previous financial year if they are a single applicant (\$200,000 for a couple), and that the intended purchased property is subject to the property price caps set by the Australian Government, which differ across Australia, financial years and Schemes.

More information about the Schemes is available on the NHFIC website.

Schemes administered by NHFIC as at 1 July 2021

| |  |  |  |
|---|---|--|---|
| Name | First Home Loan Deposit Scheme | New Home Guarantee* | Family Home Guarantee |
| | Commenced on 1 January 2020 for major banks and 1 February for non-major lenders | Commenced on 2 November 2020 | Commenced on 1 July 2021 |
| Purpose | To help first home buyers purchase their first home sooner | To help first home buyers purchase a new home sooner | To help single parents with dependants purchase a family home |
| Minimum deposit | 5% | 5% | 2% |
| Scheme places made available in that financial year | | | |
| 2019–20 | 10,000 | | |
| 2020–21 | 10,000 | 10,000 | |
| 2021–22 | 10,000 | 10,000 | 10,000 for a 4 year period |

*Previously known as FHLDS (New Homes)



Contents



Contents

| | |
|--|-----------|
| About the First Home Loan Deposit Scheme and New Home Guarantee | 2 |
| Introduction | 4 |
| Key points | 5 |
| Key trends and insights under FHLDS and NHG | 8 |
| Key scheme financials | 20 |
| State and territory analysis | 22 |

Introduction

Record low interest rates and government assistance have helped support buyer confidence and the housing market more generally throughout the COVID-19 pandemic. First home buyers have been front and centre of the economic recovery, recording their highest proportion of all owner-occupier buyers in over a decade over the course of 2020–21.¹ This has been underpinned by record amounts of monetary and fiscal support, including the Government's Homebuilder program, various state and territory programs, as well as two low-deposit home loan guarantee initiatives for first home buyers, the:

1. First Home Loan Deposit Scheme (FHLDS) – On 1 July 2020, the Commonwealth Government released its second round of FHLDS guarantees. This provided another 10,000 guarantees that, subject to eligibility and lender credit criteria, allowed first home buyers on modest incomes to purchase a home with a deposit of as little as 5% of the value of the property.

2. New Home Guarantee (NHG) – Commencing on 2 November 2020, the NHG allows first home buyers with as little as 5% deposit to build a new dwelling or purchase a newly built dwelling. The NHG will be available until 30 June 2022.

More recently, the Government also introduced the Family Home Guarantee (FHG), offering eligible single parents with dependants the opportunity to purchase a new home with a deposit as low as 2%.²

The first report on the operation of the FHLDS between 1 January 2020 to 30 June 2020 was published in August 2020. This report provides an annual snapshot of the operation of the FHLDS and the NHG for the 12 months from 1 July 2020 to 30 June 2021, as well as broader trends since the scheme's initial implementation on 1 January 2020.

1 Australian Bureau of Statistics, Lending Indicators, July 2021.

2 Trends in the Family Home Guarantee will be covered in the next annual snapshot.

Key points

Since January 2020



30,000

low deposit home
loan guarantees
have been offered
to Australian first
home buyers



\$1.4b

in deposit shortfalls
guaranteed by the
Commonwealth
Government



1 in 10 first homebuyers

made use of
FHLDS or NHG

The schemes have supported tens of thousands of Australians in purchasing their first home, contributing to strong first home buyer demand

- Since 1 January 2020, almost 33,000 Australians were supported in purchasing their first home by either the FHLDS or the NHG. The top two states supported under the schemes were NSW (11,000 residents) and Qld (9,000 residents).
- Between 1 January 2020 and 30 June 2021, the Commonwealth Government guaranteed more than \$1.4 billion in deposit shortfalls for new homeowners across Australia, with almost three quarters of this issued in 2020–21.
- In 2020–21, first home buyers entered the housing market at the highest rate since the Global Financial Crisis. Around one in ten of all first-time homeowners³ during this period were supported by a FHLDS or NHG guarantee. This includes more than one in seven of all first home buyers in Qld and almost one in seven in NSW.

Younger first home buyers made up a considerable portion of recipients

- In 2020–21, support under the FHLDS and NHG was concentrated in younger first home buyer cohorts, with 58% of all buyers under the schemes aged under 30. This compares with 42% according to a survey of recent first home buyers outside of the schemes.⁴ The schemes also supported almost 300 people aged over 50 to buy their first home.
- Compared with the previous financial year, guarantees under the FHLDS in 2020–21 were taken up by the 18–24 age cohort at a greater rate, representing nearly one in four of all buyers (compared with one in six in 2019–20). Under NHG, home buyers tended to be older (on average) with more than a quarter of all demand from buyers aged above 35 (compared with around one fifth under FHLDS).

³ Refers to first home buyer owner-occupied loan commitments. ABS, Lending Indicators, July 2021.

⁴ Genworth First Home Buyer Report 2020, https://www.genworth.com.au/media/yrzb5ouj/genworth-fhb-report_v1_final.pdf

Since January 2020

.....



37%
of FHLDS
applications were
for regional areas

25%
for NHG

.....



6,000
key workers
were supported
in purchasing
their first home

.....

The schemes achieved broad geographical coverage, with strong representation under FHLDS from regional areas

- Under FHLDS, regional representation during 2020–21 remained relatively stable, with around 37% of all applications moving to a new home located outside of major cities. For comparison, a sample of the broader first home buyer market showed that 31% were purchasing in regional areas.⁵ More people accessing the NHG bought in greater capital city areas relative to FHLDS, with three quarters of all NHG-assisted purchases occurring in major cities.
- Both FHLDS and NHG had strong representation across the country, with first home buyers across all states and territories benefiting. NHG saw stronger take up in Vic, Qld and WA relative to population shares, likely due to other complementary stimulus rolled out in those states.
- Demand across Australia for FHLDS loans was strongest in Melbourne's north-west (particularly Craigieburn, Mickleham and Donnybrook), with 109 guarantees issued. For the NHG, Sydney's north-west (particularly Box Hill, Marsden Park and Riverstone) recorded the largest volume of guarantees (158).
- Seven of the top ten postcodes for FHLDS in 2020–21 were also in the top ten postcodes in 2019–20, including 4350 (Toowoomba, Qld), 3977 (South East Melbourne, Vic), and 4305 (Ipswich, Qld).

Key workers accounted for a significant proportion of the support given under the schemes, allowing this cohort to enter the home ownership market for the first time

- Together, the FHLDS and NHG helped more than 3,700 key workers purchase their first home during 2020–21, accounting for 23% of all guarantees issued over this period.
- Of these key workers, 35% were nurses, 34% were teachers, and 11% were emergency service workers.
- This brings the total number of key workers supported under the schemes to almost 6,000 since 1 January 2020, of which, 36% were teachers, 34% were nurses and 11% were emergency service workers.

⁵ A survey was conducted of the broader first home buyer portfolio for lenders participating in the schemes.

Since January 2020



6,000

new homes
were built under
the schemes



72%

of NHG guarantees
originated from
the broker channel

Buyers were willing to move further away from their existing residence to buy their first home, particularly those under the NHG

- First home buyers accessing the NHG typically bought further away from their former residence compared with those using the FHLDS, suggesting purchases were concentrated in outer greenfield areas. On average, first home buyers under the NHG moved 13km away (compared with 8.4km under FHLDS), with some buying up to 90km from their immediate previous residence.
- Consistent with FHLDS loan guarantees in 2019–20, in Australia's largest cities, the schemes helped people to buy new homes in the middle and outer rings where homes are more affordable. For example, almost two-thirds of all scheme recipients in Greater Sydney moved into a new home at least 30km away from the city's central business district.
- Since late 2020, when the NHG commenced, more than half of all guarantees issued under the two schemes have been for new homes. Of the guarantees issued under the NHG, more than three-quarters were for housing construction-related activity.⁶

Over time, the schemes have recorded improvements to debt risk and overall mortgage serviceability, supported by falling interest rates and increased income levels

- Despite increasing property prices, the amount of debt first home buyers accumulated under FHLDS relative to incomes has declined modestly. On average, FHLDS participants recorded a lower debt-to-income ratio of 4.78 in 2020–21, down from 4.92 in 2019–20.
- Mortgage serviceability has improved during 2020–21 for first home buyers under FHLDS (on average). For example, first home buyers with a FHLDS guarantee used around 23% of their income to pay off their mortgage, down from 25% in 2019–20.
- The proportion of loans originating from broker channels has dramatically increased over the last 12 months, most likely driven by COVID restrictions. FHLDS guarantees in 2020–21 via broker channels made up 56% of total loans, up from 48% in the previous year. The proportion of NHG guarantees in 2020–21 originating from broker channels was 72%. Feedback from lenders who are actively participating in the schemes suggests that broker participation is now in line with broker proportions across the lenders' wider loan portfolio.

⁶ Referring to house and land package purchases or separate land purchase with a contract to build.

Key trends and insights under FHLDS and NHG

Since 1 January 2020....

Almost 33,000 Australians are now living in a home supported by either FHLDS or NHG, supporting both strong construction activity and key workers entering the housing market

Since 1 January 2020, 30,000 low deposit home loan guarantees have been offered to Australian first home buyers under the FHLDS and NHG (see Figure 1). Nearly all of the 20,000 FHLDS guarantees, and approximately two-thirds of the 10,000 NHG guarantees, have been taken up.

Figure 1: Scheme take-up since 1 January 2020

| As at 30 June 2021 | FHLDS 2019–20 | FHLDS 2020–21 | NHG 2020–21 |
|--|---------------|---------------|---------------|
| Guarantees offered by Australian Government | 10,000 | 10,000 | 10,000 |
| Guarantees to be rolled-over to next financial year ⁷ | 1,848 | N/A | N/A |
| Guarantees rolled-over from previous financial year [*] | N/A | 1,848 | N/A |
| Total guarantees on offer | 10,000 | 11,848 | 10,000 |

By 30 June 2021, the vast majority of guarantees offered under FHLDS (94.1% in 2019–20 and 93.4% in 2020–21) had been settled. Of the 10,000 NHG guarantees, 41% had settled by 30 June.

Of the 30,000 scheme places made available since 1 January 2020, 22,879 homes have been purchased, in which at least 32,962 Australians⁹ are now residing.

The schemes meant that, amid the COVID-19 pandemic and a time of economic uncertainty over the last 18 months, almost 6,000 key workers were able to enter the home ownership market for the first time.

Construction activity was also supported over the period with almost 6,000 new homes built¹⁰ with the help of a FHLDS or NHG guarantee since 1 January 2020.



23,000
home
purchases
across Australia
supported by the
schemes

.....

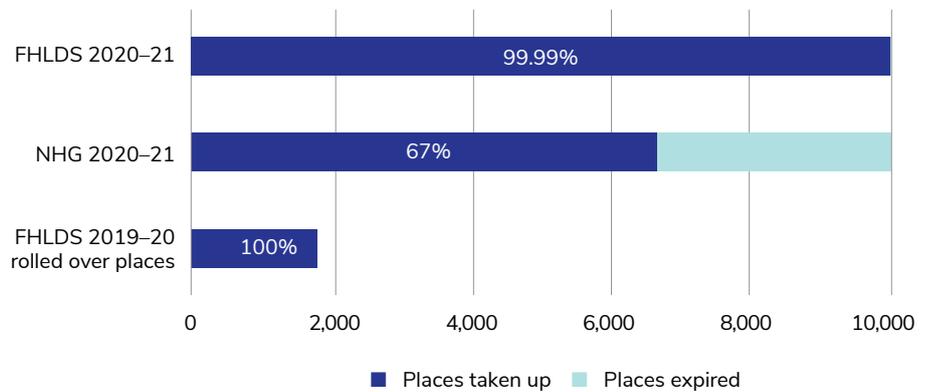
7 The Federal Government has rolled over all unused guarantees under FHLDS 2019–20 (1,848 guarantees) into 2020–21. These places were made available from early 2021.
8 Scheme places made available but not taken up by a participating lender.
9 This figure only accounts for the individuals who applied for the guarantee. It does not include the applicants' other family members who may have moved into the home at the same time.
10 Referring to house and land package purchases or separate land purchase with a contract to build.

Over the 2020–21 financial year...

2020–21 saw the strong take up of places under the FHLDS and NHG

In 2020–21, 21,848 Scheme places were made available to first home buyers through both the FHLDS and the NHG, which was only in operation for eight months of this financial year.¹¹ All but one of the FHLDS places were taken up by 30 June 2021. At the same time, two thirds of NHG places were taken up, as it had only been operating since late 2020.

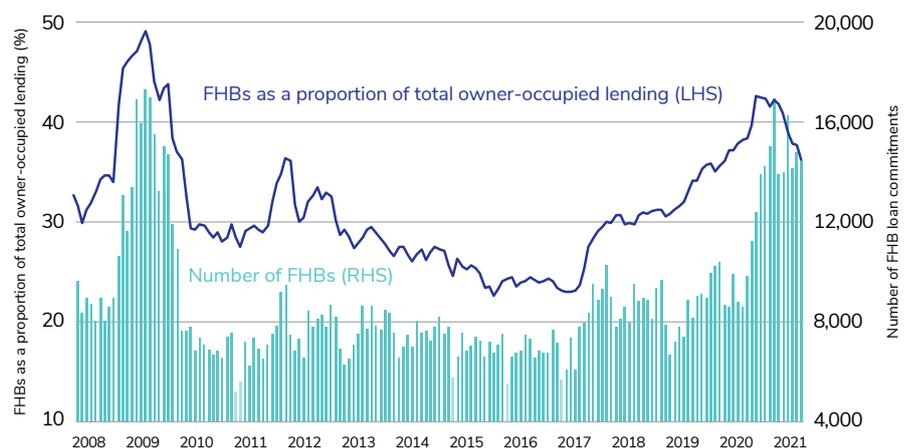
Figure 2: Take-up of Scheme places made available during 2020–21 (as at 30 June 2021)



FHLDS and NHG helped to support decade high first home buyer purchases

The schemes have played a part in first home buyer loan commitments rising to their highest proportion of owner occupiers since the GFC. In 2020–21, first home buyers accounted for more than 40% of all owner-occupied buyers, with around 1 in 10 of all first home buyer commitments during this period supported by a FHLDS or NHG guarantee.¹² Record low interest rates, other government stimulus, and a favourable environment to buy (versus renting) also, drove the significant increase in first home buyer activity.

Figure 3: First home buyer loan commitments – Australia February 2008 to June 2021

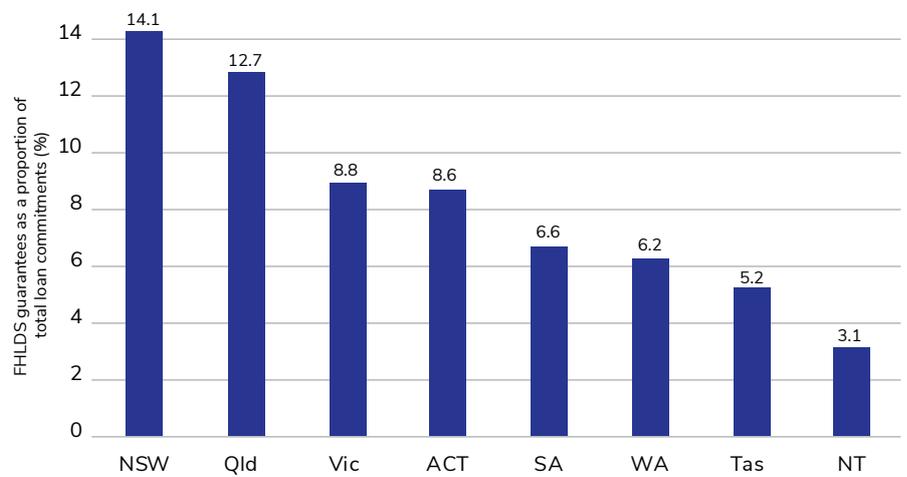


11 10,000 new places were offered through FHLDS and 10,000 new places offered through NHG, with 1,848 rolling over from 2019–20.

12 Refers to first home buyer owner-occupied loan commitments. ABS, Lending Indicators, July 2021.

Across the states and territories, representation ranged from 14.1% of loans in NSW to around 3.1% in the NT. The lower representation in some states is likely due to other permanent first home buyer support. For example, WA and SA also have low deposit loan schemes known as Keystart and HomeStart, respectively.

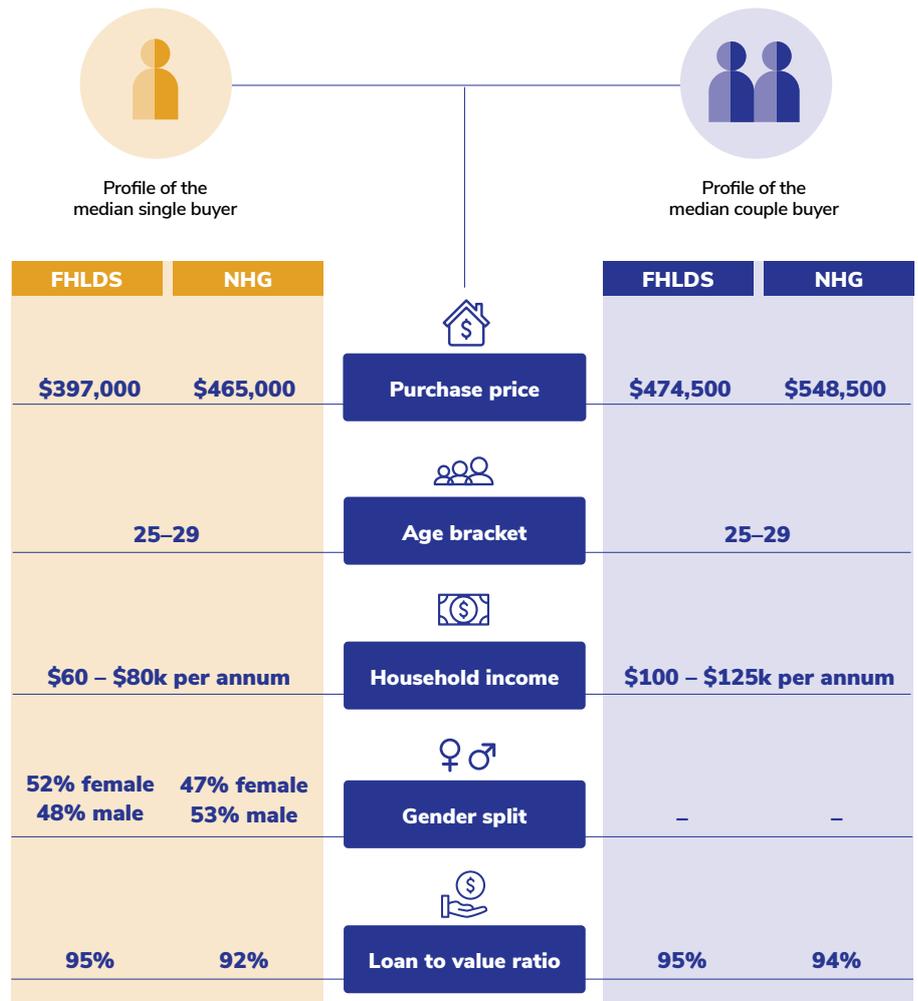
Figure 4: FHLDS guarantees as a proportion of total first home buyer loan commitments within each state/territory (July 2020 to June 2021)



Profile of first home buyer under both FHLDS and NHG

In 2020–21, more than one-third of all guarantees were issued to single applicants earning less than \$80,000 – well below the \$125,000 eligibility income threshold. The median property price for single applicants was \$397,000 under FHLDS and \$465,000 under NHG, with gender distribution broadly equal across both schemes. For comparison, a sample of the broader first home buyer market showed that 59% of single home purchasers were male and 41% were female.^{13 14} Guarantees issued to couples were concentrated in the higher joint income brackets – between \$100,000 and \$125,000 – with a higher median property purchase price of \$474,500 under FHLDS and \$548,500 under NHG.

Figure 5: Profile of typical buyers under the FHLDS and the NHG for 2020–21¹⁵



13 A survey was conducted of the broader first home buyer portfolio for lenders participating in the schemes.

14 0.5% of single purchasers were classified as 'Other' under the broader first home buyer portfolio survey.

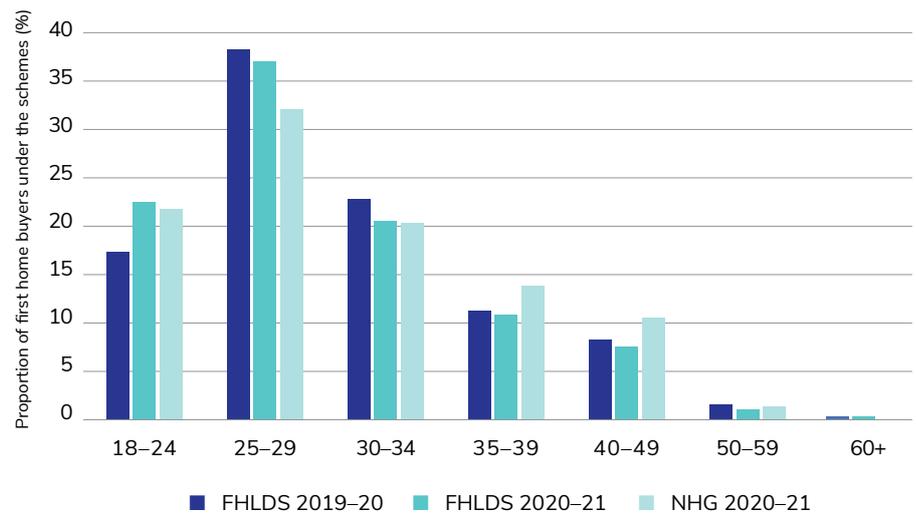
15 Gender distributions are based on assumptions made using the participant's name title (i.e. 'Mrs', 'Mr', 'Ms', 'Miss'). The analysis is only indicative. It does not account for individuals who identify with a different gender than that suggested by the name title provided.

FHLDS and the NHG supported higher concentrations of younger Australians across all states, some people in older age cohorts also benefited

In 2020–21, around 9 in 10 guarantees were provided to buyers aged under 40. This includes 57.8% who were 29 years old and below. For comparison, a recent survey of recent first home buyers outside of the schemes showed 41.5% were at or below 29 years of age. A further 43.3% were between 30 and 39 years of age.¹⁶ Almost 300 guarantees were also provided for people aged in their 50s and 60s.

Compared with the previous financial year, in 2020–21, guarantees under the FHLDS were taken up by the 18–24 age cohort at a greater rate, representing 23% of all buyers (compared with 17% in 2019–20). Under NHG, on average, home buyers tended to be older, with more than a quarter of all demand from buyers aged above 35 (compared with 19% under FHLDS).

Figure 6: Distribution of guarantees under FHLDS and NHG – by age range¹⁷



¹⁶ Genworth First Home Buyer Report 2020, https://www.genworth.com.au/media/yrzb5ouj/genworth-fhb-report_v1_final.pdf

¹⁷ The distribution by age is based on individual buyers, rather than scheme places. Those who submitted their scheme application as a couple have been treated as two separate individuals.

In 2020–21, people accessing FHLDS guarantees were concentrated in similar income brackets to those in 2019–20. But there were some differences between FHLDS and NHG. Generally, a larger share of joint applications were made under the NHG (almost 50% versus just over 40% under FHLDS 2020–21), tending to put its applicants into higher household income ranges.

Figure 7: Distribution of guarantees under FHLDS – by taxable household income range¹⁸

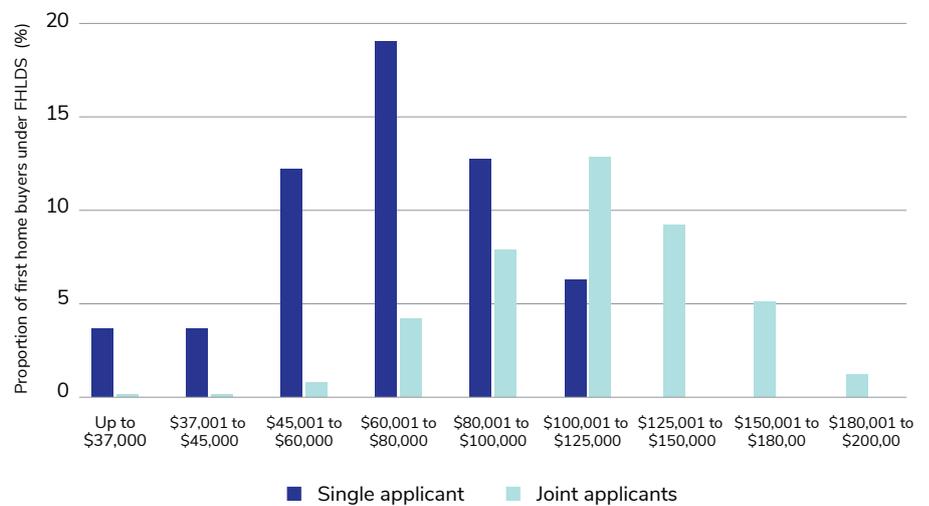
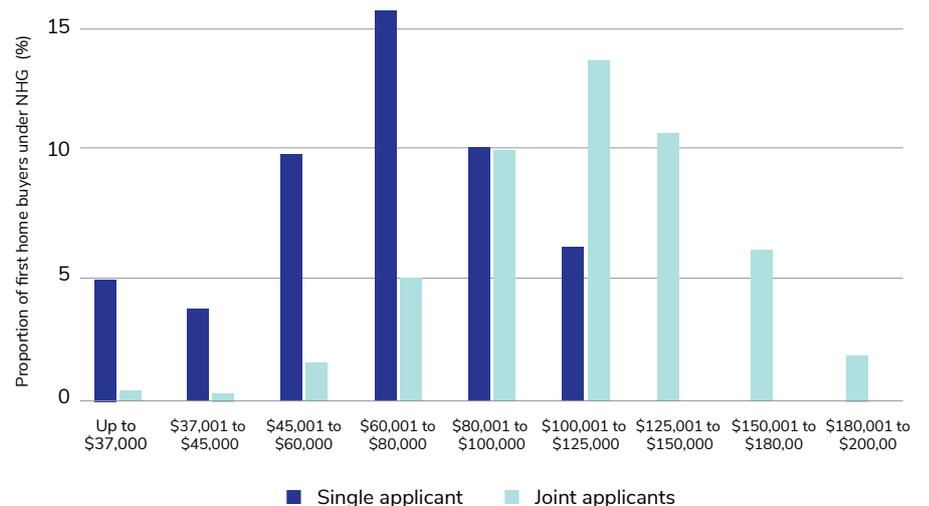


Figure 8: Distribution of guarantees under NHG – by taxable household income range¹⁸



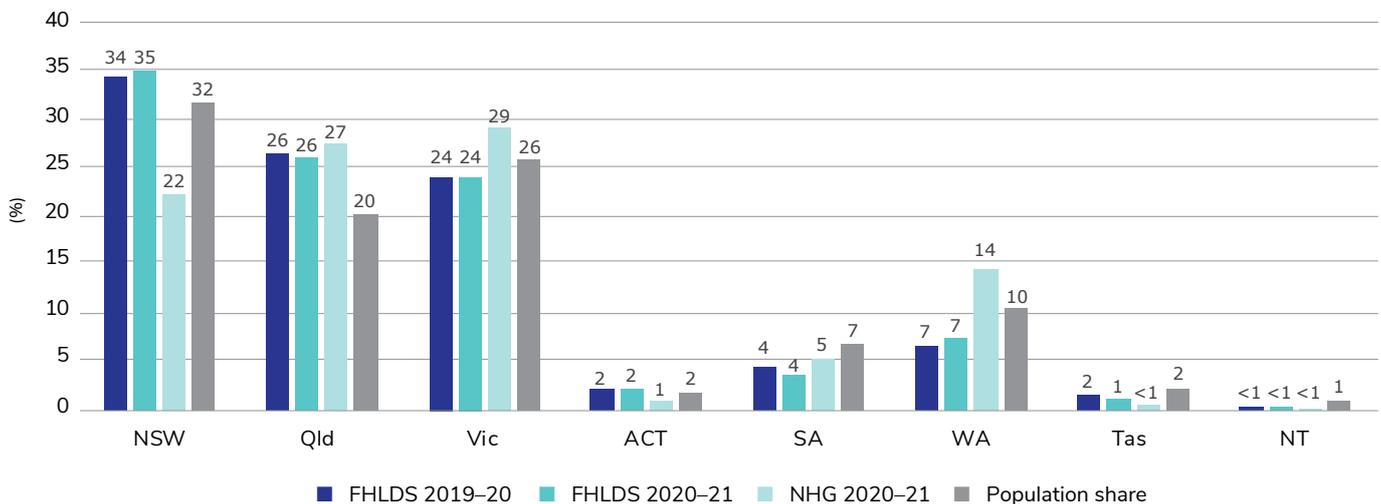
¹⁸ Income data captured under the scheme is for 2019–20. First home buyers' financial circumstances may have changed between 30 June 2020 and when the guarantee was issued.

FHLDS and NHG supported first home buyers across the country, with NHG having particularly strong take up in Vic, Qld and WA relative to population share

Similar to the initial 10,000 places offered in its first year, FHLDS guarantees in 2020–21 broadly aligned with population shares around the country.¹⁹ In contrast, NHG guarantees were more concentrated in states such as Qld and WA, compared with population share. This was offset by reduced demand in NSW. The stronger representation in states like Qld and WA is likely driven by complementary construction stimulus measures in these states and interstate migration trends. For example, at the height of the pandemic in 2020, WA was offering financial assistance of as much as \$80,000 or around 15% of the property price threshold.²⁰

Under FHLDS in 2020–21, both regional and metropolitan areas were well represented, with 63% of all guarantees used to buy homes in greater capital city regions and the remaining 37% in regional areas. This compares with 67.7% of Australians residing in the greater capital city regions.²¹ According to a sample of the broader first home buyer market, 69% of purchases were made in greater capital city regions and 31% were purchasing in regional areas.²² Demand was greater in the major cities for the NHG, with 75.6% of all guarantees located in the greater capital city regions.

Figure 9: Distribution of guarantees issued under the Scheme compared with population²³



19 Australian Bureau of Statistics, National, state and territory population, March 2021.

20 Stimulus measures include HomeBuilder, First Home Owner's Grant, Building Bonus grant, stamp duty discounts, and FHLDS/NHG.

21 Australian Bureau of Statistics, Regional population, 2019–20 financial year.

22 A survey was conducted of the broader first home buyer portfolio for lenders participating in the schemes.

23 Australian Bureau of Statistics, National, state and territory population, March 2021.

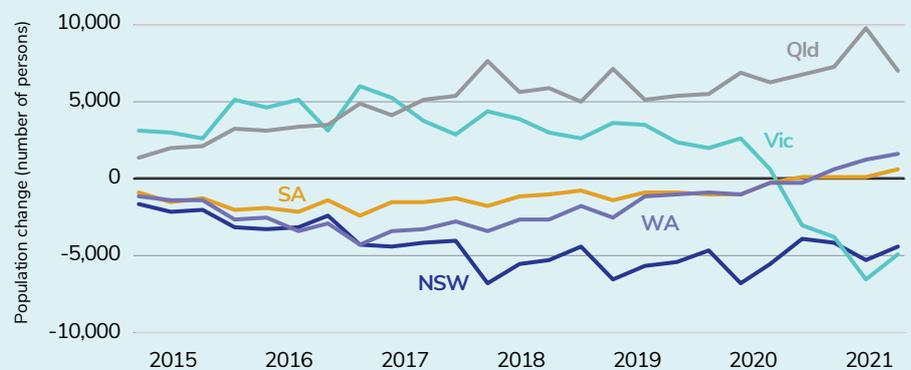
NHG seeing strong representation in Queensland and Western Australia

Government stimulus and interstate migration trends can be seen as potential driving factors behind the strong take-up under NHG in Qld and WA.

As shown in Figure 9, 27% of the NHG-assisted guarantees were issued in Qld and 14% were in WA, compared with 20% and 10% resident population respectively. At the same time, NSW, which was home to around 32% of Australia's resident population, only received 22% of the new home purchases under NHG.

The net overseas migration shock has placed the greatest pressure on major eastern seaboard states such as NSW and Vic. However, at the same time, Qld has been the greatest benefactor of Australians migrating between regions. The volume of residents moving from NSW, and more recently from Vic, into Qld has spurred on greater demand for housing within the state.

Figure 10: Net interstate migration (quarterly), 2015 to 2020²⁴



In WA, the introduction of unprecedented government stimulus into the housing construction market has pushed the state's NHG distributional representation higher. For example, a first home buyer accessing a guarantee under the NHG could receive approximately \$80,000 in state and federal government stimulus which equates to almost 20% of the median purchase price for properties being bought under the scheme.

Figure 11: Maximum state and federal stimulus benefit for new home buyer under NHG²⁵

| State | Max. stimulus benefit value for first home buyer (up until 31 December 2020) | Level of assistance as a percentage of the median property value under NHG |
|-------|--|--|
| WA | ~\$82,000 | 19.6% |
| NT | ~\$95,000 | 18.9% |
| Vic | ~\$80,000 | 14.9% |
| Tas | ~\$59,000 | 13.8% |
| Qld | ~\$63,000 | 13.3% |
| NSW | ~\$89,000 | 13.3% |
| SA | ~\$54,000 | 12.6% |
| ACT | ~\$47,000 | 9.2% |

24 Australian Bureau of Statistics, National, state and territory population, March 2021.

25 Stimulus benefits in this analysis include HomeBuilder, First Home Owner Grant, stamp duty concessions, Lenders Mortgage Insurance savings under NHG and other building bonus grants available at 31 December 2020.

26 Australian Government, The Treasury, HomeBuilder Total Applications as at 25 June 2021, <https://treasury.gov.au/coronavirus/homebuilder>.

The subdued level of demand in NSW relative to the strong take-up in Qld and WA were not limited to the NHG cohort. Demand for the Australian Government's HomeBuilder initiative also illustrated similar trends. In NSW, new build HomeBuilder applications accounted for 15.7% of total applications across Australia, compared with 21.8% and 16.6% for Qld and WA respectively.²⁶

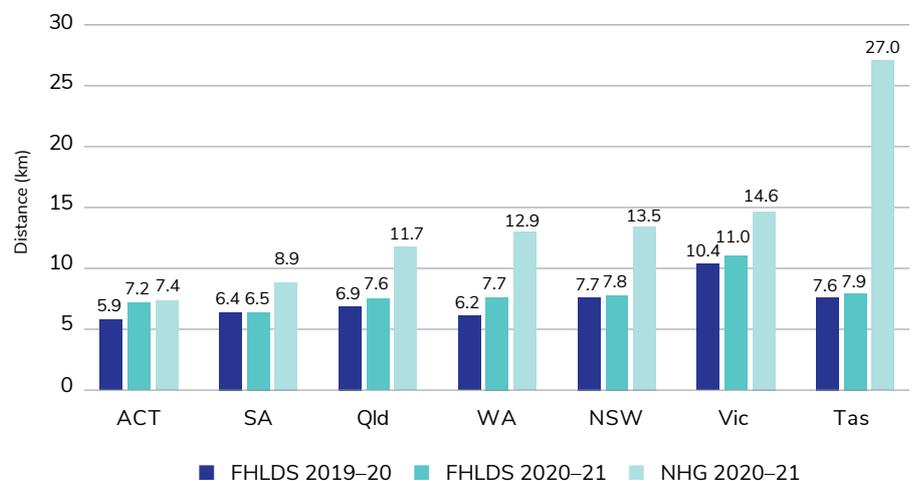
Buyers under NHG are moving further from their current home relative to FHLDS guarantee recipients

On average in 2020–21, buyers under the NHG moved 13km away (compared with 8.4km under FHLDS in the same year), with some buying up to 90km from their immediate previous residence.²⁷ This suggests more people buying a home under NHG purchased in outer city rings in greenfield areas where a significant portion of new housing is being constructed.²⁸

In Tasmania, people moved around 27km away from their immediate residence to purchase a home under NHG – more than three times the distance than people receiving a FHLDS guarantee in the same state. This may be due to there being fewer high-rise buildings across the state and more residential spread into outer city areas.²⁹

Compared with the previous financial year, the distance from their previous residence to their new home for FHLDS guarantee recipients increased in all states and territories, albeit modestly.

Figure 12: Median distance between purchased property and immediate previous residence under the Scheme³⁰



Strong demand for middle city and outer ring areas within eastern seaboard cities

In 2020–21, buyers under the schemes in larger cities like Sydney and Melbourne continued to be concentrated in outer and middle city rings. For example, in Sydney just one in five of all home purchases supported by FHLDS or NHG were bought within 15km of the CBD. Compared with the first release of FHLDS guarantees, buyers bought further away from the CBD in Sydney, Brisbane and Adelaide. In the smaller cities such as Canberra, Hobart and Adelaide, first home buyers purchased much closer to the CBD.

27 Distance calculations were based on postcodes, rather than individual addresses. The relevant geocodes were then applied to calculate the distance from one postcode to another. The majority of first home buyers under Schemes in the NT purchased a property in the same postcode as their previous residence.

28 Australian Bureau of Statistics, 2020–21 Building Approvals, June 2021.

29 Australian Bureau of Statistics, Census of Population and Housing, 2016.

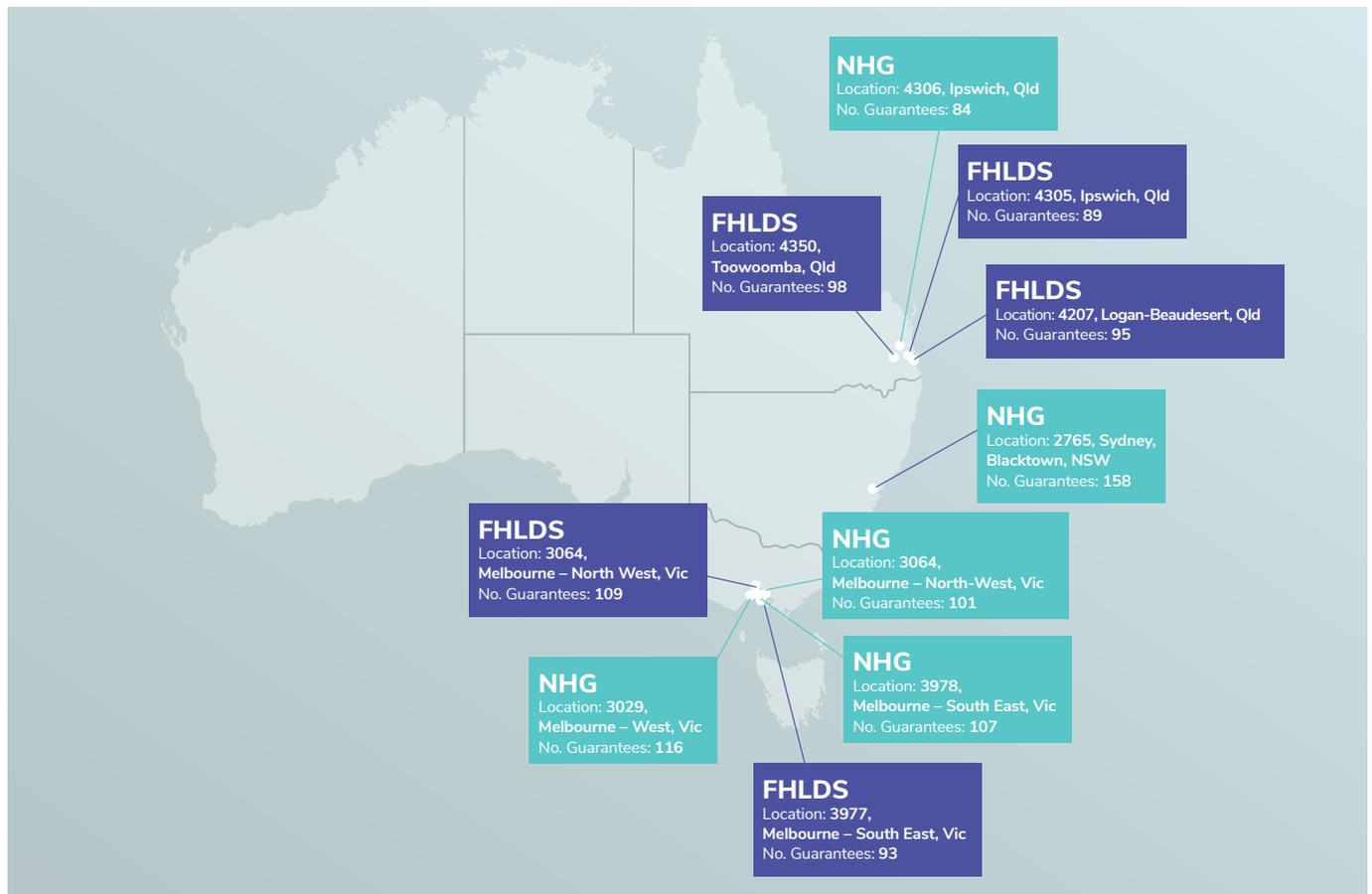
30 Distance calculations were based on postcodes, rather than individual addresses. The relevant geocodes were then applied to calculate the distance from one postcode to another. The majority of first home buyers under the schemes in the NT purchased a property in the same postcode as their previous residence.

Figure 13: Distance from purchased property to capital city CBD – proportion of guarantees by distance bands³¹

| Scheme | Distance from CBD | Adelaide | Brisbane | Canberra | Hobart | Melbourne | Perth | Sydney |
|---------------|-------------------|----------|----------|----------|--------|-----------|--------|--------|
| FHLDS 2020–21 | 0–15km | 31.79% | 25.81% | 43.53% | 67.27% | 24.11% | 30.46% | 21.21% |
| | 15–30km | 45.70% | 44.91% | 44.40% | 12.73% | 30.66% | 32.03% | 20.41% |
| | 30–50km | 22.52% | 25.33% | | 5.45% | 33.45% | 27.58% | 29.92% |
| | 50–100km | | 3.94% | 12.07% | 14.55% | 11.78% | 9.93% | 28.46% |
| NHG 2020–21 | 0–15km | 45.71% | 8.83% | 34.04% | 22.22% | 9.89% | 13.17% | 11.67% |
| | 15–30km | 20.00% | 56.11% | 38.30% | 11.11% | 42.99% | 45.12% | 15.30% |
| | 30–50km | 33.47% | 26.96% | | 27.78% | 33.10% | 29.73% | 56.03% |
| | 50–100km | 0.82% | 8.10% | 27.66% | 38.89% | 14.01% | 11.98% | 16.99% |



Figure 14: Top 5 postcodes by number of guarantees issued under FHLDS 2020–21 and top 5 postcodes by number of guarantees issued under NHG



³¹ Distance calculations were based on postcodes, rather than individual addresses. The relevant geocodes were then applied to calculate the distance from one postcode to another.

By postcode, demand for FHLDS in 2020–21 was highest in 3064 in Melbourne's north-west, particularly in the suburbs of Craigieburn, Mickleham and Donnybrook (109 guarantees issued). Other postcodes with large amounts of first home buyers supported by FHLDS were 4350 in Toowoomba Qld (98), 4207 in Logan-Beaudesert Qld (95) 3977 in South East Melbourne (93) and 4305 in Ipswich Qld (89).

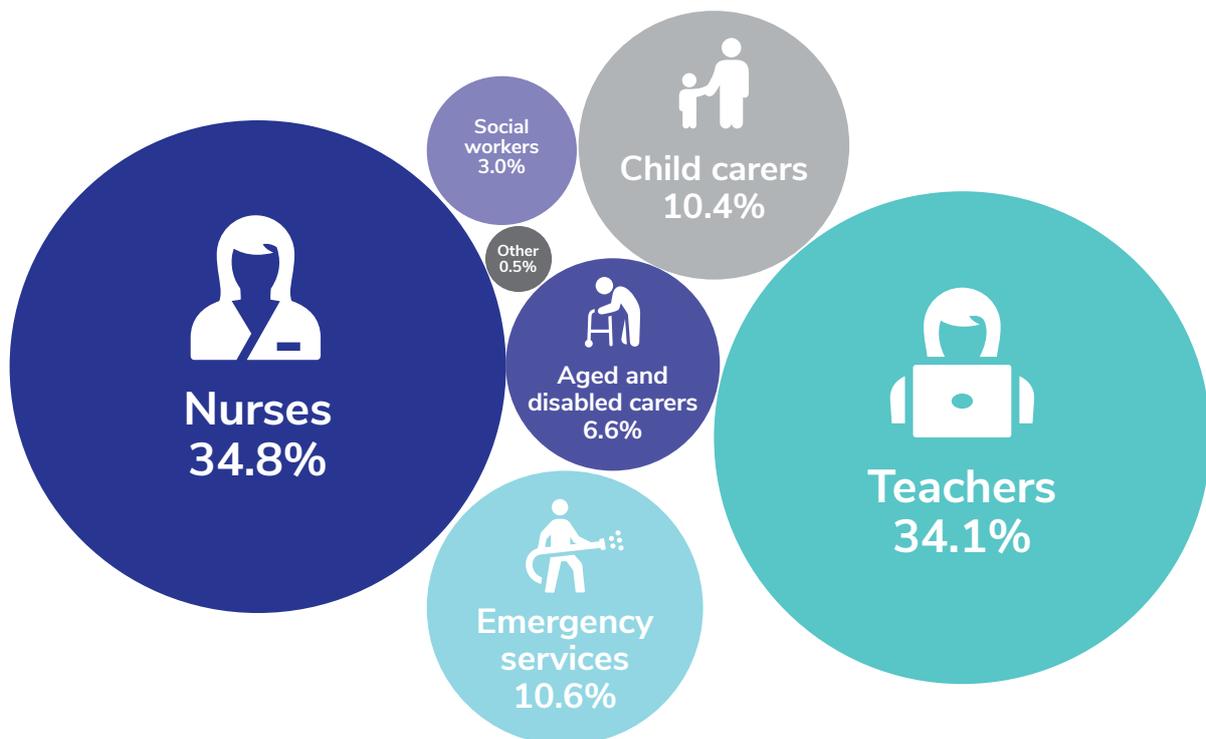
For NHG, demand was highest in the postcode of 2765 in Sydney's north-west (particularly in the suburbs of Box Hill, Marsden Park and Riverstone), with 158 guarantees issued.

In terms of the FHLDS scheme, seven of the top ten postcodes in 2020–21 were also in the top ten postcodes in 2019–20, namely 3064 (North West Melbourne, Vic), 4350 (Toowoomba, Qld), 3977 (South East Melbourne, Vic), 4305 (Ipswich, Qld), 3029 (Melbourne West, Vic), 2830 (Dubbo, NSW), and 2570 (Outer South-West Sydney, NSW).

Almost one in four guarantees have helped key workers buy their first home

The schemes have helped more than 3,700 key workers purchase their first home, with key workers accessing 23% of all guarantees issued in 2020–21. Of these key workers, 35% were nurses, 34% were teachers, and 11% were emergency service workers.

Figure 15: Distribution of key workers who purchased homes under the FHLDS or NHG, 1 July 2020 to 30 June 2021³²

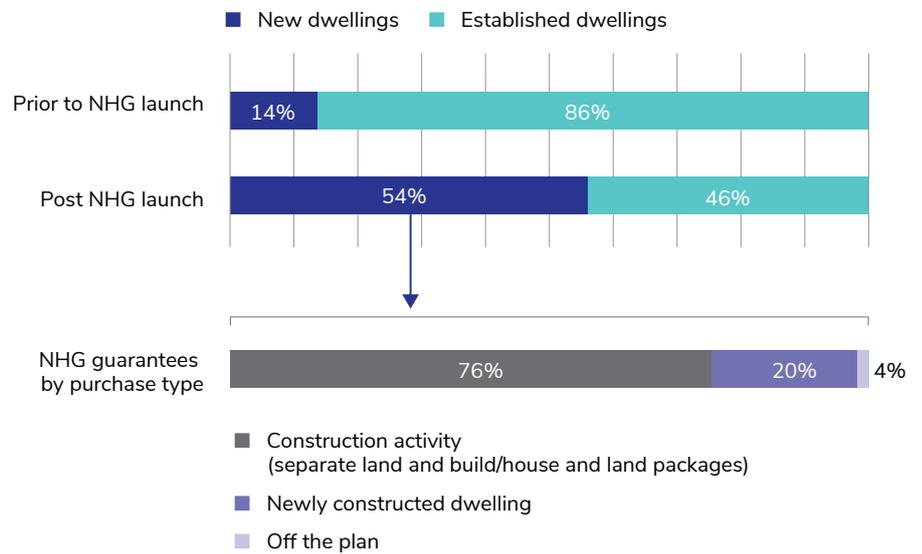


32 Occupations classified as key workers: pre-primary, primary and secondary school teachers; nurses; childcare workers; carers and aides; defence force members, firefighters and police; ambulance officers and paramedics; and social and welfare professionals.

Along with other government stimulus, NHG has supported strong construction activity during the economic recovery

Since the NHG commenced on 2 November 2020, more than half of all guarantees issued under FHLDS and NHG have been for new homes. Of the NHG guarantees issued, three-quarters were for housing construction-related activity.³³ The main drivers in the uptick of construction activity include the Federal Government's HomeBuilder payment and, state grants and concessions.

Figure 16: Proportion of Scheme guarantees issued for new construction



33 Referring to house and land package purchases or separate land purchase with a contract to build.

Key scheme financials

Over time, the schemes have recorded improvements to debt risk and overall mortgage serviceability, supported by falling interest rates and increased income levels

A key objective of the schemes is to support Australians in entering the housing market sooner.

Similar to 2019–20, those without alternative financial means or access to the schemes would have otherwise delayed their home purchase by around four years to save the entire 20% deposit. For borrowers under the NHG, this delay is slightly higher and closer to four and a half years.³⁴

The ability for Australians to purchase their first home sooner is further evidenced by the targeting of younger cohorts and reduced financial capacity for buyers under the schemes. As mentioned earlier in this report, 58% of all buyers under the schemes were aged under 30, compared with 42% for other first home buyers outside of the schemes.³⁵

The loan-to-value ratio under FHLDS and NHG were concentrated at or around 95%. This is compared with a sample of the broader first home buyer portfolio between 80% and 85%.³⁶ According to a recent survey of prospective first home buyers, only 19% were proposing to have a deposit of less than 10%.³⁷

Despite the average loan-to-value ratio being lower for NHG (92%) compared with FHLDS (95%), debt relative to income is higher for NHG borrowers. This is mainly due to the higher price thresholds under NHG resulting in larger levels of debt. On average in 2020–21, first home buyers under NHG borrowed 5.5 times their combined annual taxable income, while FHLDS applicants borrowed 4.8 times their combined annual taxable income. Compared with the previous financial year, on average FHLDS participants recorded a lower debt-to-income ratio, down to 4.78 from 4.92 in 2019–20.

Figure 17: National Scheme financial statistics for 2020–21



| First Home Loan Deposit | | New Home Guarantee | |
|-------------------------|--|--------------------|--|
| 4 years | Home purchases brought forward by four years | 4 years | Home purchases brought forward by four years |
| 95% | Participants are borrowing 95% of the purchase price | 92% | Participants are borrowing 92% of the purchase price |
| 4.8x | Debt equates to 4.8 times borrowers' annual income | 5.5x | Debt equates to 5.5 times borrowers' annual income |
| \$561m | Government guaranteed \$561m of deposit shortfalls | \$314m | Government guaranteed \$314m of deposit shortfalls |

34 NHFIC has revised the bring forward analysis published in the 2020 First Home Loan Deposit Scheme Trends & Insights paper. Figures are only indicative as household savings rates will differ based on individual circumstances.

35 Genworth First Home Buyer Report 2020, https://www.genworth.com.au/media/yrzb5ouj/genworth-fhb-report_v1_final.pdf

36 A survey was conducted of the broader first home buyer portfolio for lenders participating in the schemes.

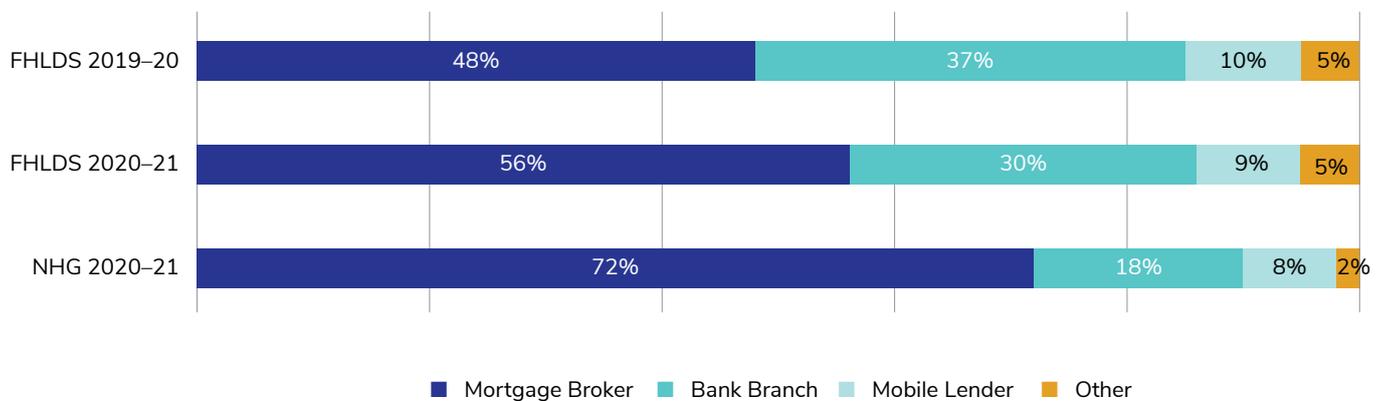
37 Genworth First Home Buyer Report 2020, https://www.genworth.com.au/media/yrzb5ouj/genworth-fhb-report_v1_final.pdf

Mortgage serviceability (mortgage repayments as a proportion of income) also improved for FHLDS loans in 2020–21 compared with the previous year, falling from a median of 24.5% to 23%.³⁸ With debt levels remaining relatively stable over the periods, improved serviceability has been likely driven by a combination of reduced interest rates, along with a potential for increased savings due to the COVID-19 pandemic.

At 30 June 2021, the Commonwealth Government had guaranteed more than \$1.4 billion in deposit shortfalls for new home owners across Australia, with no mortgage defaults occurring under the schemes. Almost three-quarters of this was issued in 2020–21.

The proportion of loans originating from broker channels increased dramatically over the last 12 months. In 2020–21, the proportion of guarantees originating from broker channels was 72% under NHG and 56% under FHLDS, up from 48% in the previous year. Feedback from lenders who are actively participating in the schemes suggests that broker participation has increased due to a lift in awareness of the FHLDS and NHG, and is now in line with broker proportions across the lenders' wider loan portfolio.

Figure 18: Loans guaranteed by origination channel

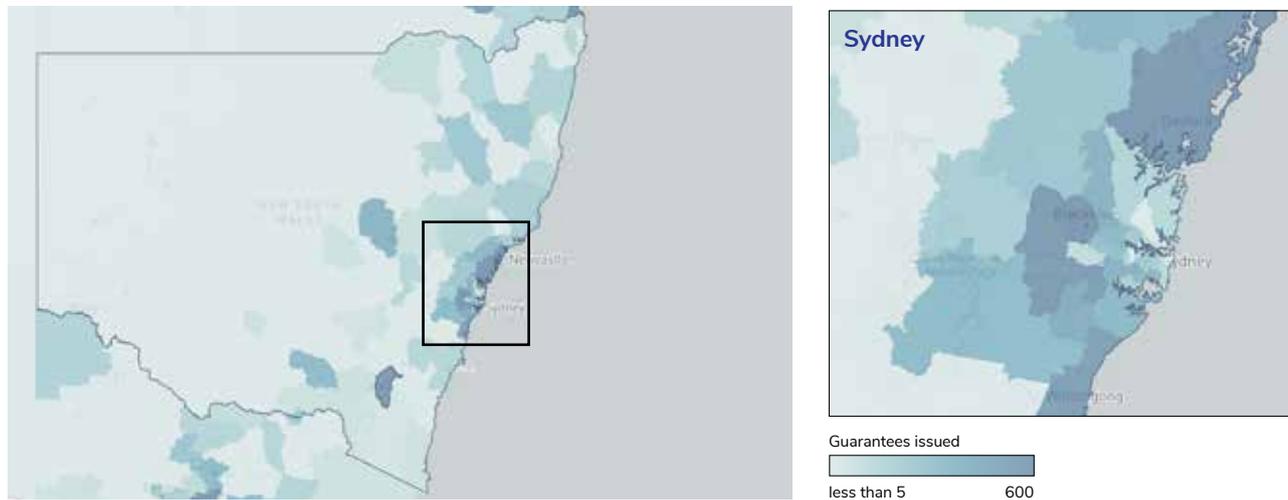


³⁸ Mortgage serviceability is calculated using annual repayments as a proportion of annual taxable income/s for settled loans.

State and territory analysis

FHLDS and NHG

New South Wales



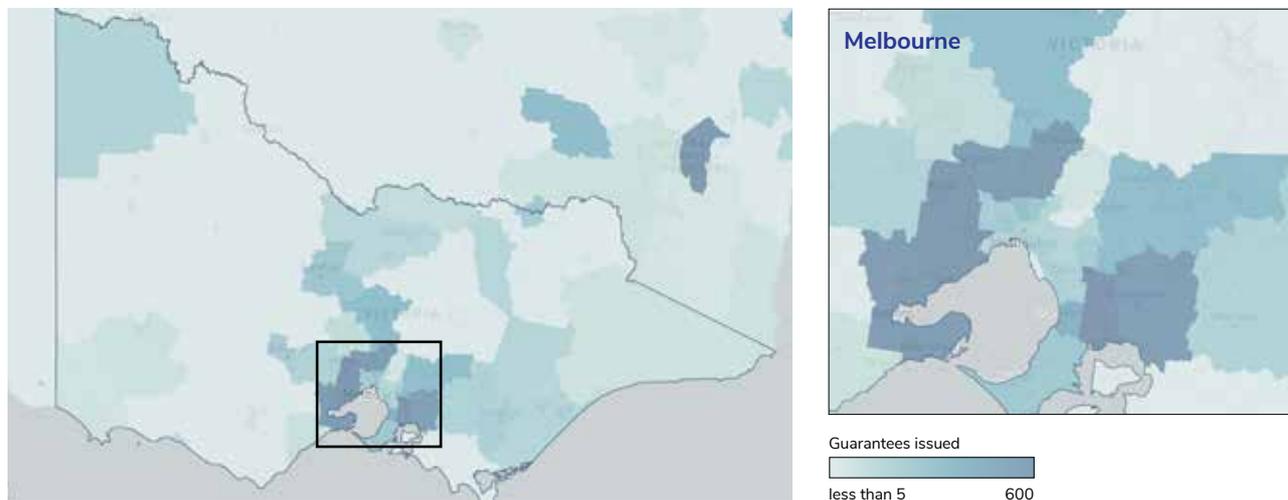
| NSW | | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | Greater capital city region | 1,895 | \$620,000 | \$34,800 |
| | Regional areas | 1,434 | \$415,000 | \$22,700 |
| FHLDS 2020–21 | Greater capital city region | 1,954 | \$620,000 | \$34,300 |
| | Regional areas | 1,414 | \$415,000 | \$22,500 |
| NHG 2020–21 | Greater capital city region | 766 | \$720,000 | \$39,800 |
| | Regional areas | 295 | \$533,300 | \$35,000 |

Top 10 NSW postcodes by number of guarantees issued in 2020–21³⁹

| Postcode | Location |
|----------|--|
| 2765 | Sydney – Blacktown |
| 2570 | Sydney – Outer South West (Camden and Wollondilly) |
| 2179 | Sydney – South West (Bringelly and Green Valley) |
| 2259 | Central Coast – Wyong |
| 2830 | Dubbo |
| 2650 | Wagga Wagga |
| 2560 | Sydney – Outer South West (Campbelltown) |
| 2557 | Sydney – South West (Bringelly and Green Valley) |
| 2250 | Central Coast – Gosford |
| 2750 | Sydney – Outer West and Blue Mountains (Penrith) |

³⁹ Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

Victoria



| Vic | | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | Greater capital city region | 1,767 | \$520,000 | \$30,000 |
| | Regional areas | 557 | \$345,000 | \$21,000 |
| FHLDS 2020–21 | Greater capital city region | 1,814 | \$525,000 | \$30,000 |
| | Regional areas | 514 | \$350,000 | \$21,000 |
| NHG 2020–21 | Greater capital city region | 1,127 | \$565,000 | \$38,400 |
| | Regional areas | 268 | \$468,200 | \$40,300 |

Top 10 Vic postcodes by number of guarantees issued in 2020–21⁴⁰

| Postcode | Location |
|----------|---|
| 3064 | Melbourne – North West (Tullamarine and Broadmeadows) |
| 3029 | Melbourne – West (Wyndham – Hoppers Crossing and Tarneit) |
| 3978 | Melbourne – South East (Casey – Cranbourne East) |
| 3977 | Melbourne – South East (Casey – Cranbourne) |
| 3335 | Melbourne – West (Melton – Rockbank and Hillside) |
| 3217 | Geelong |
| 3030 | Melbourne – West (Wyndham – Werribee) |
| 3810 | Melbourne – South East (Cardinia) |
| 3338 | Melbourne – West (Melton South) |
| 3336 | Melbourne – West (Melton – Rockbank and Mount Cottrell) |

⁴⁰ Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

Queensland



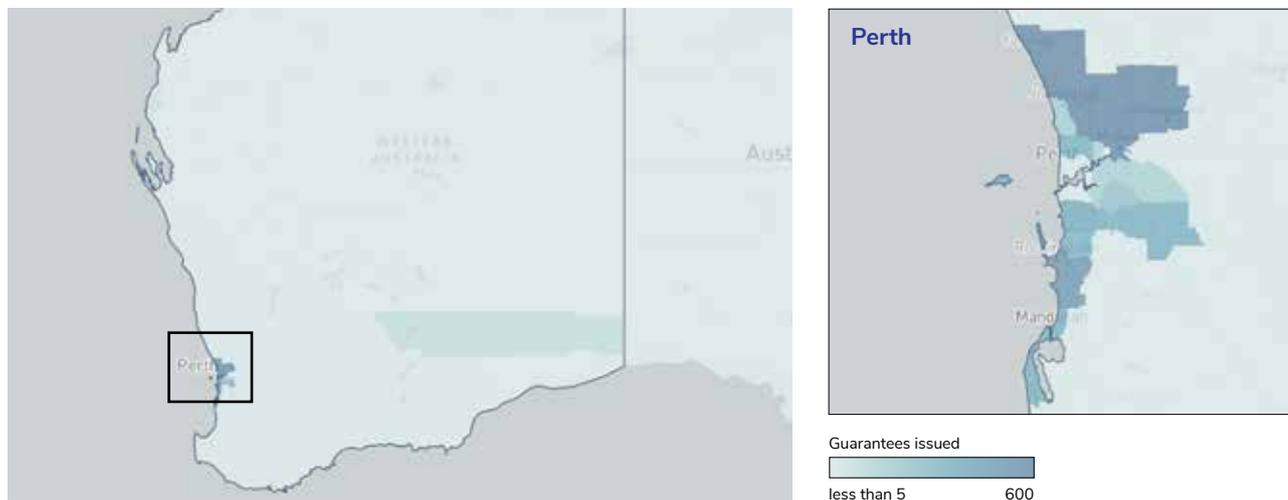
| Qld | | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | Greater capital city region | 1,218 | \$412,500 | \$22,500 |
| | Regional areas | 1,340 | \$340,000 | \$19,100 |
| FHLDS 2020–21 | Greater capital city region | 1,293 | \$411,000 | \$22,500 |
| | Regional areas | 1,231 | \$351,200 | \$19,800 |
| NHG 2020–21 | Greater capital city region | 820 | \$486,500 | \$33,000 |
| | Regional areas | 492 | \$454,800 | \$33,400 |

Top 10 Qld postcodes by number of guarantees issued in 2020–21⁴¹

| Postcode | Location |
|----------|-----------------------------------|
| 4306 | Ipswich – Inner and Hinterland |
| 4207 | Gold Coast, Logan and Beaudesert |
| 4350 | Toowoomba |
| 4209 | Gold Coast (Ormeau and Oxenford) |
| 4305 | Ipswich – Inner and Hinterland |
| 4818 | Townsville |
| 4300 | Ipswich – Springfield and Redbank |
| 4503 | Moreton Bay – South |
| 4740 | Mackay, Isaac and Whitsunday |
| 4670 | Wide Bay – Bundaberg |

⁴¹ Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

Western Australia



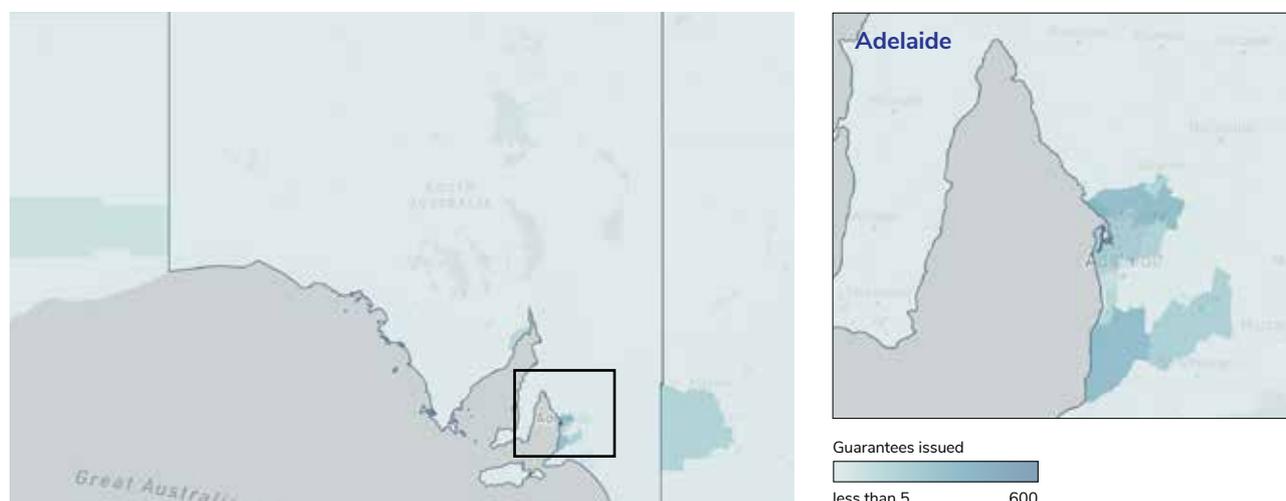
| WA | | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | Greater capital city region | 581 | \$350,900 | \$19,800 |
| | Regional areas | 55 | \$265,000 | \$15,000 |
| FHLDS 2020–21 | Greater capital city region | 666 | \$360,000 | \$19,800 |
| | Regional areas | 57 | \$266,000 | \$14,800 |
| NHG 2020–21 | Greater capital city region | 659 | \$427,700 | \$27,300 |
| | Regional areas | 31 | \$355,800 | \$26,200 |

Top 10 WA postcodes by number of guarantees issued in 2020–21⁴²

| Postcode | Location |
|----------|--|
| 6055 | Perth – North East (Swan) |
| 6112 | Perth – South East (Armadale) |
| 6171 | Perth – South West (Rockingham) |
| 6164 | Perth – South West (Cockburn) |
| 6069 | Perth – North East (Swan) |
| 6210 | Mandurah |
| 6056 | Perth – North East (Swan and Mundaring) |
| 6170 | Perth – South West (Kwinana) |
| 6167 | Perth – South West (Kwinana) |
| 6122 | Perth – South East (Serpentine and Jarrahdale) |

⁴² Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

South Australia



| SA | | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | Greater capital city region | 353 | \$344,000 | \$19,500 |
| | Regional areas | 77 | \$210,000 | \$11,100 |
| FHLDS 2020–21 | Greater capital city region | 265 | \$355,000 | \$19,800 |
| | Regional areas | 89 | \$208,800 | \$10,800 |
| NHG 2020–21 | Greater capital city region | 237 | \$440,000 | \$26,600 |
| | Regional areas | 16 | \$380,200 | \$20,300 |

Top 10 SA postcodes by number of guarantees issued in 2020–21⁴³

| Postcode | Location |
|----------|---|
| 5251 | Adelaide – Central and Hills (Mount Barker) |
| 5290 | South Australia – South East (Mount Gambier – East) |
| 5115 | Adelaide – North (Playford) |
| 5162 | Adelaide – South (Morphett Vale and Woodcroft) |
| 5116 | Adelaide – North (Gawler – South) |
| 5114 | Adelaide – North (Playford) |
| 5117 | Adelaide – North (Playford) |
| 5085 | Adelaide – North (Port Adelaide – East) |
| 5108 | Adelaide – North (Salisbury) |
| 5118 | Adelaide – North (Gawler – North and South) |

⁴³ Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

Tasmania



Guarantees issued
 less than 5 600



| Tas | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | 75 | \$361,000 | \$20,000 |
| | 84 | \$270,000 | \$14,500 |
| FHLDS 2020–21 | 45 | \$365,000 | \$20,000 |
| | 70 | \$265,000 | \$14,400 |
| NHG 2020–21 | 17 | \$458,700 | \$31,700 |
| | 6 | \$357,500 | \$26,500 |

Top 10 Tas postcodes by number of guarantees issued in 2020–21⁴⁴

| Postcode | Location |
|----------|--|
| 7310 | West and North West (Devonport) |
| 7320 | West and North West (Burnie and Ulverstone) |
| 7140 | South East (Central Highlands) |
| 7250 | Launceston and North East |
| 7315 | West and North West (Burnie and Ulverstone) |
| 7016 | Hobart – North East (Risdon Vale) |
| 7010 | Hobart – North West (Glenorchy, Derwent Park and Montrose) |
| 7172 | Hobart (Sorell and Richmond) |
| 7019 | Hobart – North East (Rokeby) |
| 7248 | Launceston and North East |

⁴⁴ Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

Australian Capital Territory



| ACT | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | 200 | \$439,500 | \$24,300 |
| FHLDS 2020–21 | 205 | \$425,000 | \$24,000 |
| NHG 2020–21 | 42 | \$509,400 | \$29,300 |

Top 10 ACT postcodes by number of guarantees issued in 2020–21⁴⁵

| Postcode | Location |
|----------|------------------------------------|
| 2611 | Urriarra, Namadgi and Weston Creek |
| 2913 | Gungahlin |
| 2617 | Belconnen |
| 2615 | Belconnen |
| 2602 | North Canberra |
| 2914 | Gungahlin |
| 2906 | Tuggeranong – Condor and Gordon |
| 2606 | Woden Valley |
| 2912 | Gungahlin |
| 2900 | Tuggeranong – Greenway |

⁴⁵ Location is provided based on the postcode correspondence to statistical areas as defined by the Australian Statistical Geography Standard published by the Australian Bureau of Statistics. A combination of Statistical Area 2, 3 and 4 names have been used in the table for clarification on the location.

Northern Territory⁴⁶



| NT | Number of guarantees issued | Median property purchase price | Median deposit paid by borrower |
|---------------|-----------------------------|--------------------------------|---------------------------------|
| FHLDS 2019–20 | 39 | \$347,500 | \$18,600 |
| FHLDS 2020–21 | 30 | \$300,000 | \$17,500 |
| NHG 2020–21 | 5 | \$504,100 | \$26,400 |

⁴⁶ Due to insufficient sample size we are not reporting on the top NT postcodes for guarantees.