

# **NHFIC & major panel lenders**

## **First Home Buyer (FHB) behaviour analysis**

Home Guarantee Scheme (HGS) participants vs.  
major panel lenders' first home buyer portfolio

August 2022

## Key points

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The following slide deck is a collaboration between NHFIC and its major bank panel lenders CBA and NAB and provides data insights on the operation of the Government's Home Guarantee Scheme (HGS) since its inception in January 2020 to 31 May 2022, benchmarked against broader first home buyer data for the equivalent period.

Some of the key insights include:

- The HGS has supported proportionally **more single female buyers** (54%) relative to the broader first home buyer (FHB) market (46%).
- 84% of buyers who purchased a home, [with a deposit as little as two per cent] under the Family Home Guarantee (FHG) were **single women with dependent children**.
- **Buyers under the HGS have been helped to overcome the deposit hurdle to purchase their home.** The average loan size of the broader FHB market and recipients of HGS has been similar (\$442,000 and \$444,000 respectively), however the average purchase price of FHBs relative to HGS recipients has been 18% higher (\$564,000 versus \$478,000). This is because deposits for HGS recipients have been less than a third of FHBs more broadly (\$34,000 and \$122,000 respectively).
- **Less than 30% of HGS participants' income was used for mortgage repayments for their new home.** Around half the costs that were previously paid as rent are now mortgage principal payments, representing genuine savings in the form of home equity.

## Key points (cont.)

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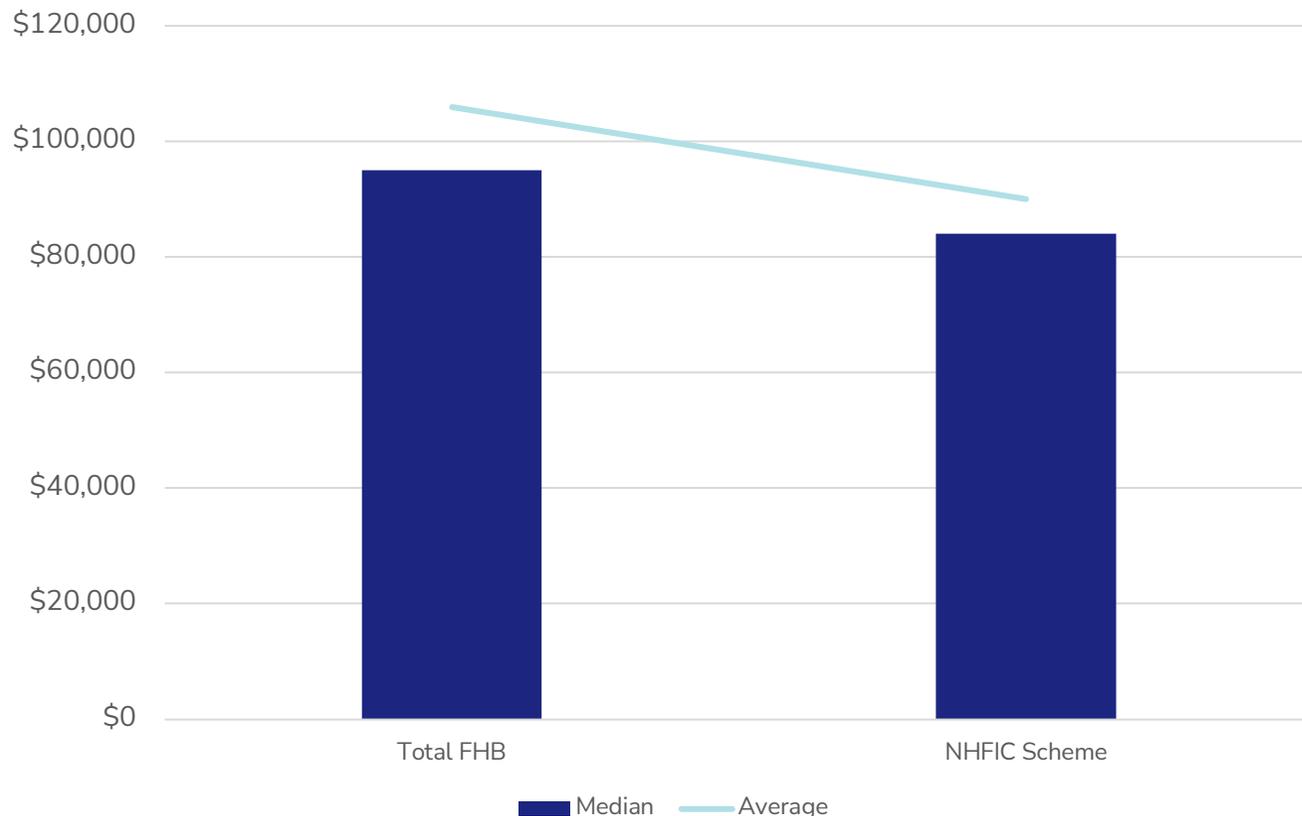
Key insights continued:

- **The HGS assisted people to bring forward home ownership and build genuine savings, creating financial security.** Buyers under the HGS have built up considerable equity, with those entering in early 2020 having up to 26% additional equity in their home (on average). Expressed in another way, a buyer who borrowed 95% of the purchase price would have reduced their dynamic loan-to-value ratio to under 70% (on average) in just over two years. For comparison, if house prices grew more in line with the 20-year average of 6.4% pa, HGS participants would have on average up to 21% additional equity.
- **HGS participants are building value in their own home through home improvements,** on average spending more per transaction on construction (e.g. home improvements) post purchase of a property.

This analysis has been conducted at a certain point in time and is subject to change as rents, interest rates and incomes fluctuate. NHFIC will continue to work with its major bank lending panel partners on tracking these first home buyer cohorts over time and will release further data insights periodically.

- FHB: first home buyer
- HGS: home guarantee scheme
- FHG: family home guarantee

# Gross household salary income

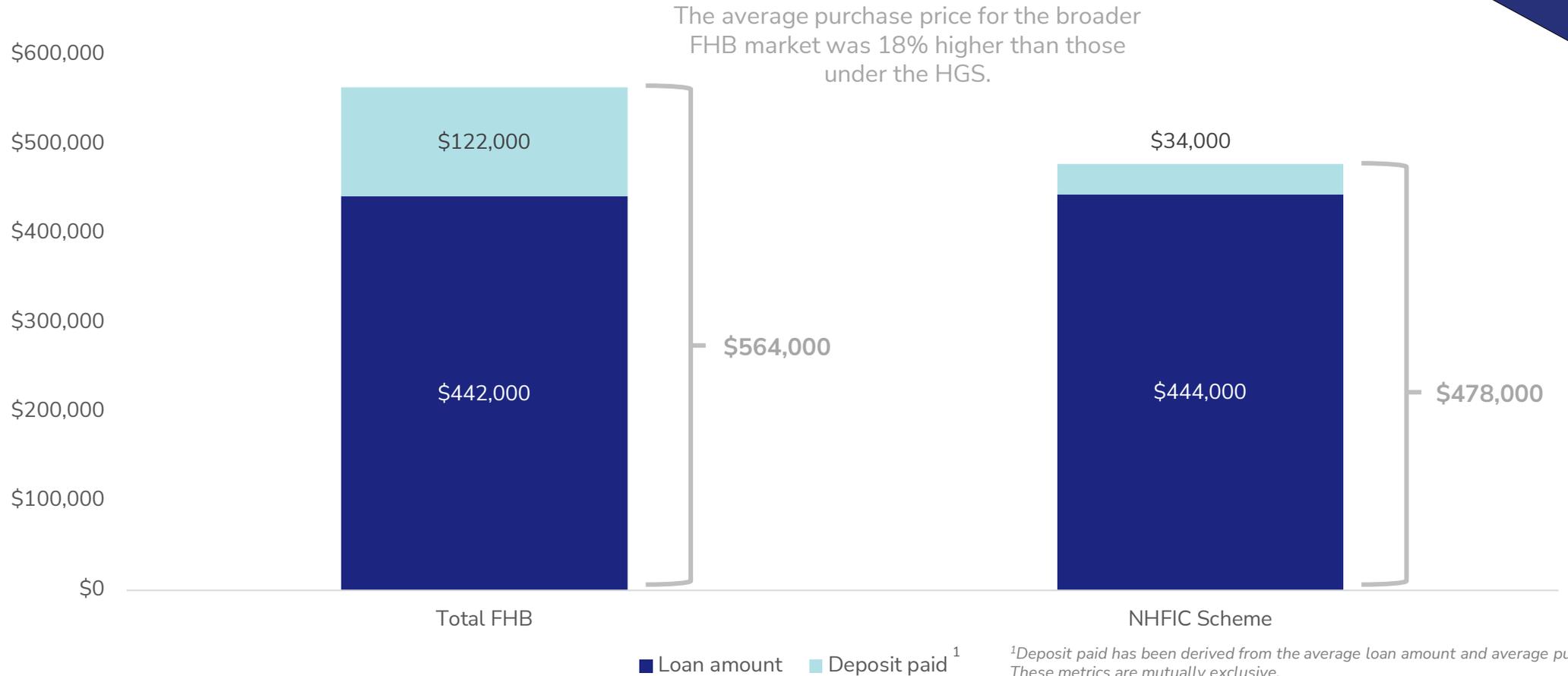


	Total FHB	NHFIC Scheme
Average <sup>1</sup>	\$106,000	\$90,000
Median	\$95,000	\$84,000

<sup>1</sup>Figures have been rounded.

***The HGS is supporting Australians earning more modest incomes, compared with the broader first home buyer market.***

# Average loan amount and deposit paid



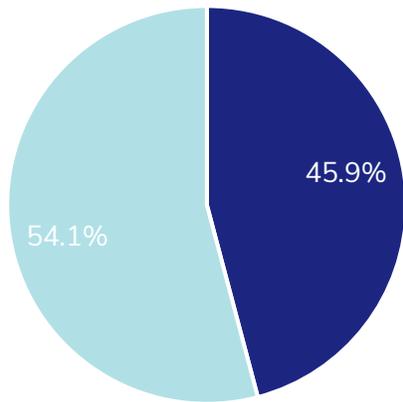
**Borrowers within the broader FHB market have higher deposits, on average, compared with those under the HGS.**

# Gender breakdown

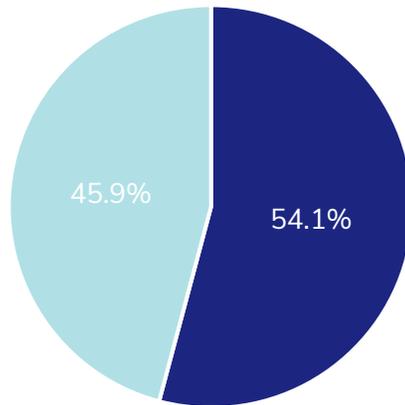
Single applicants only

■ Female ■ Male

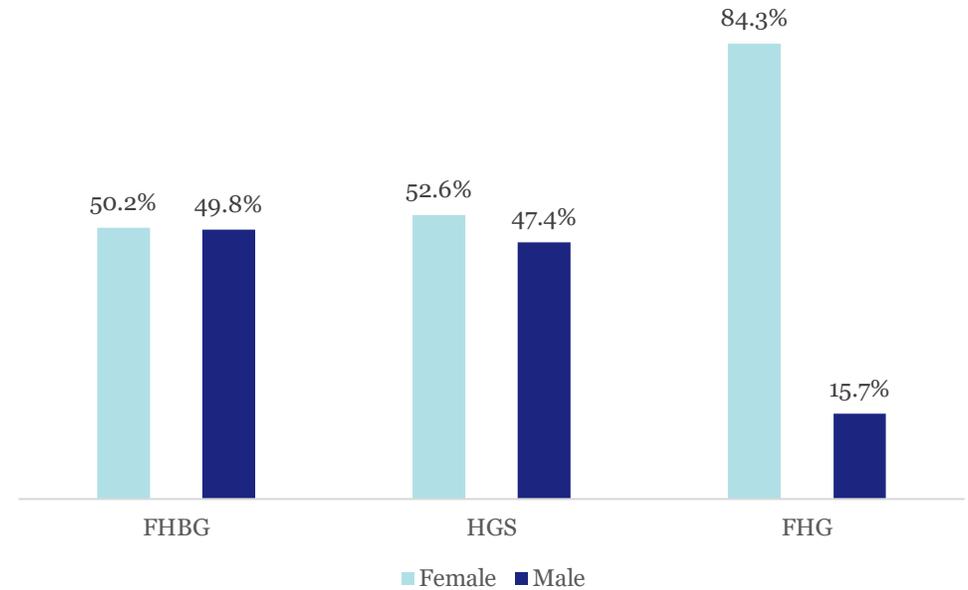
Total FHB single



NHFIC Scheme single

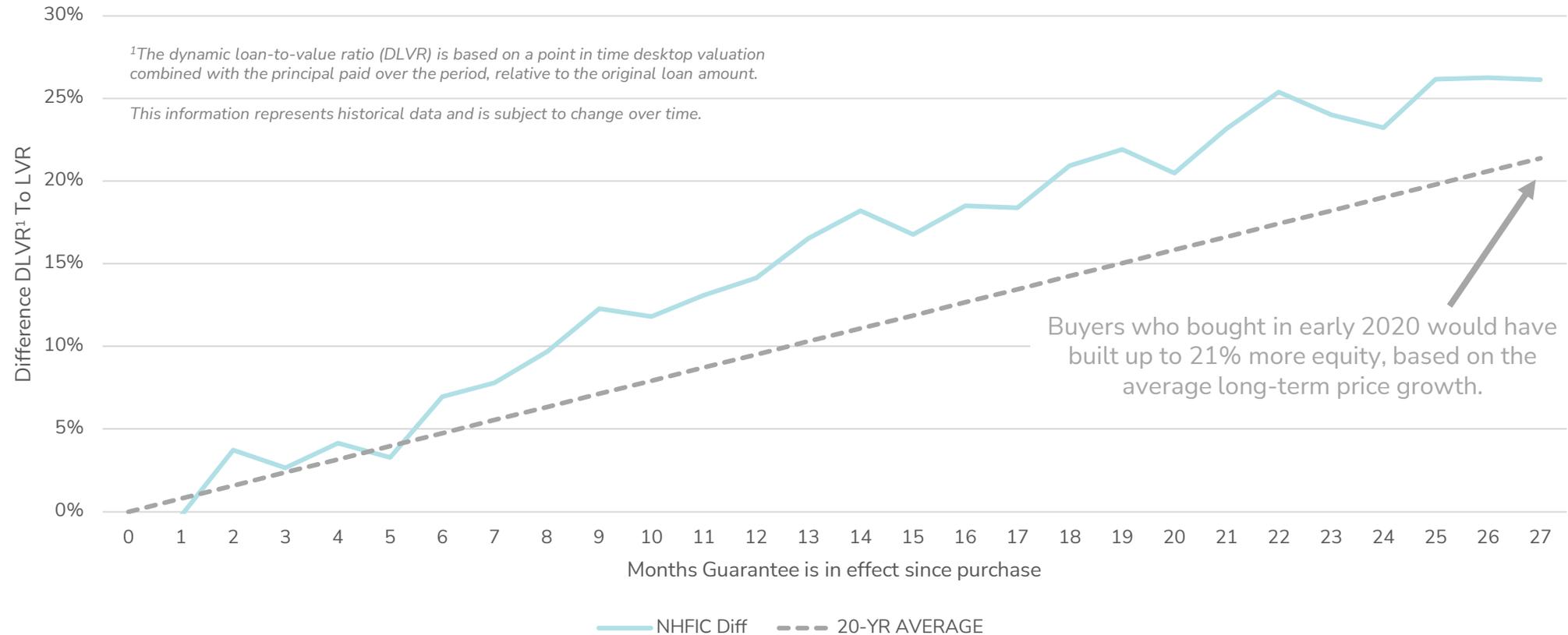


Distribution by Scheme



***The HGS has supported more women as a proportion of total applicants relative to the broader FHB market, particularly those that are single with dependents under the FHG (84%).***

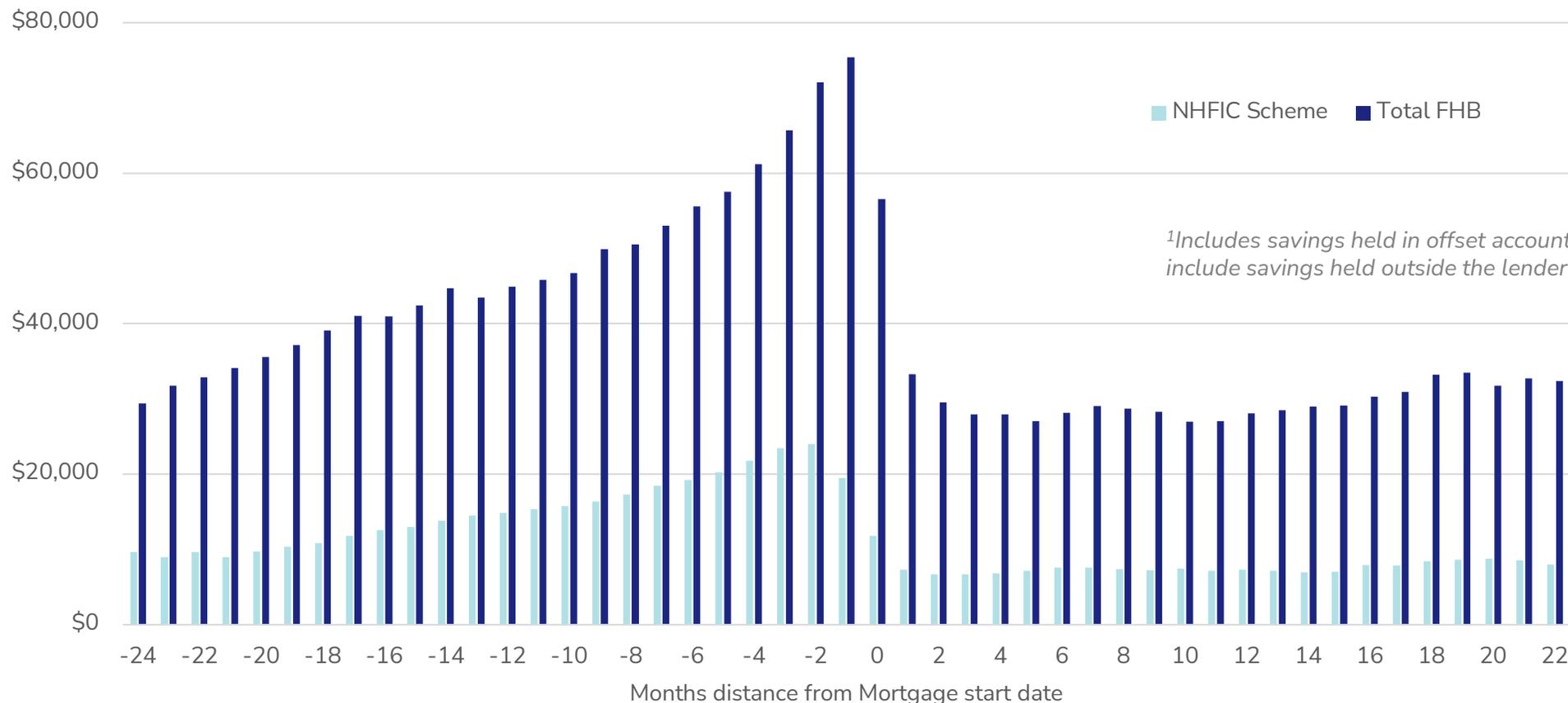
# Home equity built over time



**HGS applicants have built up to 26% more equity in their home (on average), depending on when they purchased.**

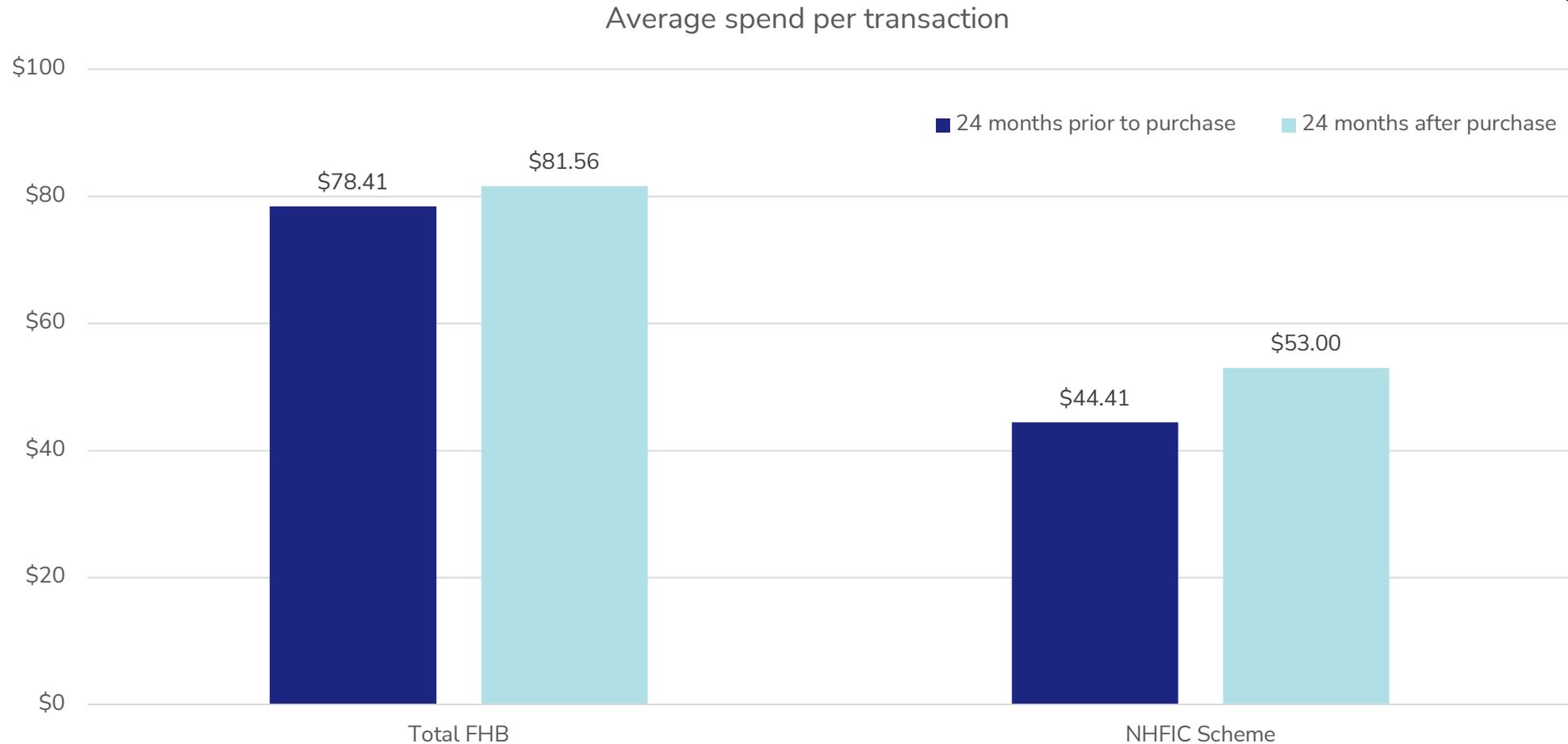
# FHB savings behaviour

Savings accounts<sup>1</sup> - Average Credit Balance



**The average savings of first home buyers accessing the HGS was less than one third of the savings for first home buyers outside of the HGS**

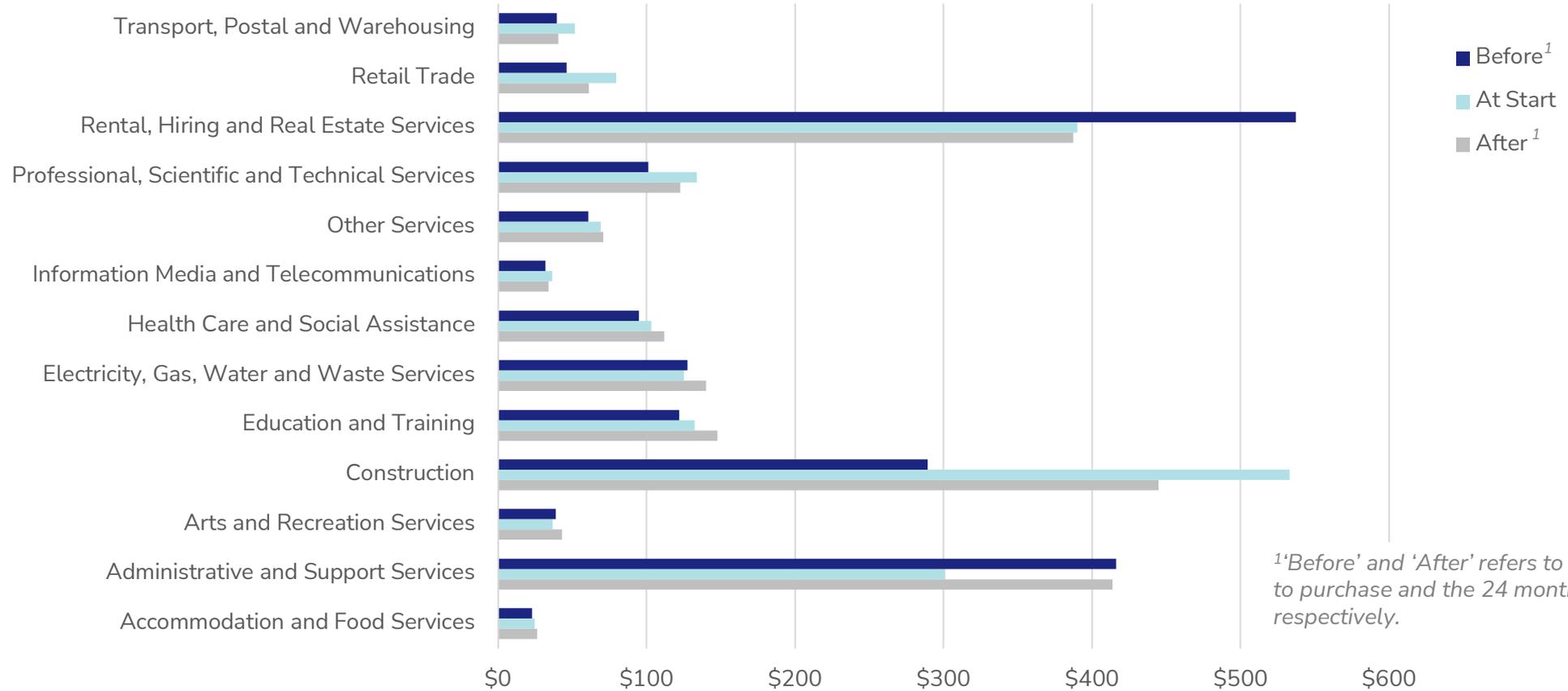
# FHB spending behaviour



***Analysis suggests the financial burden for HGS participants is less than for those in the broader FHB market with the average spend per transaction increasing by 19% and 4% respectively.***

# HGS participant spending pre and post home purchase

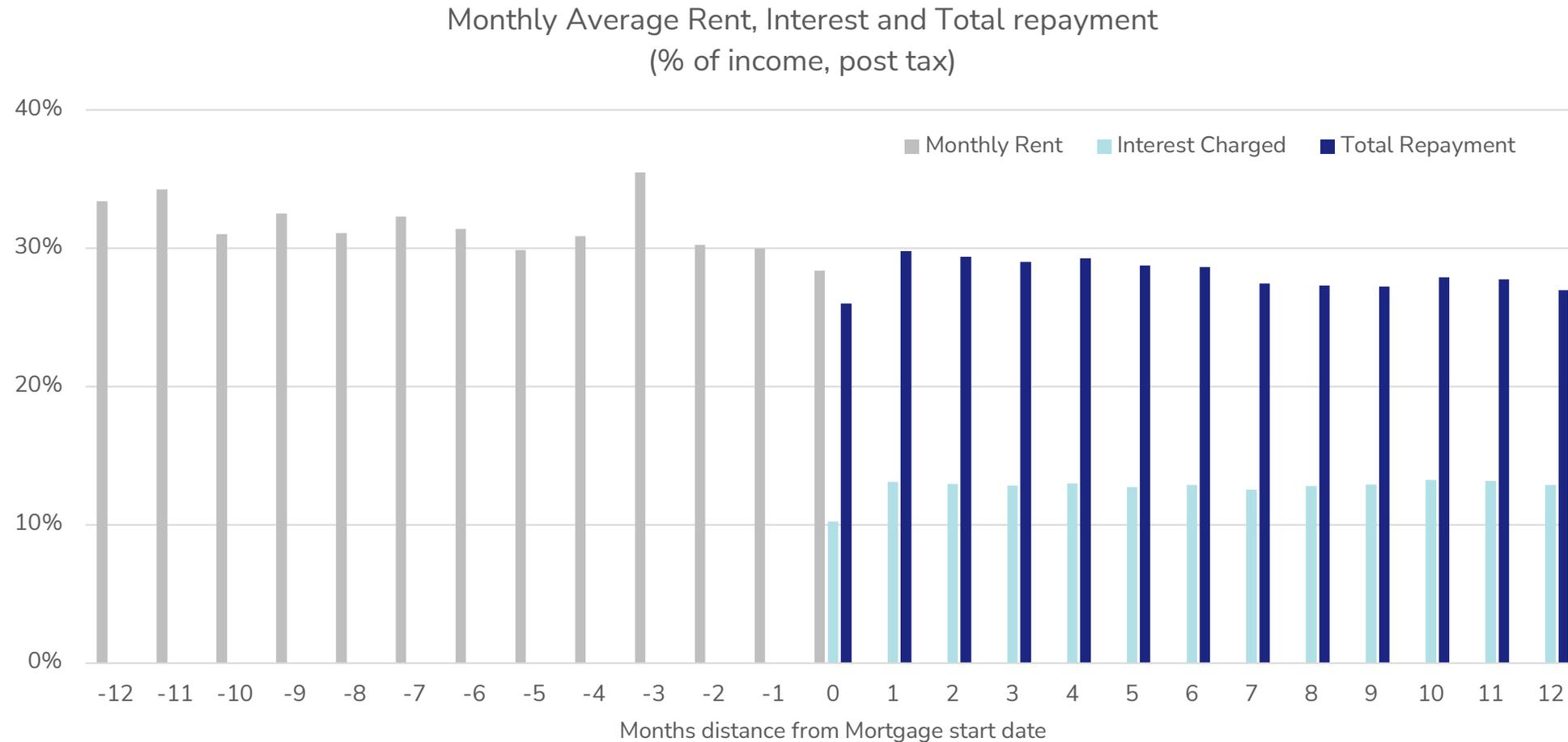
Average Spend per Transaction - NHFIC set



<sup>1</sup>‘Before’ and ‘After’ refers to the 24 months prior to purchase and the 24 months after purchase, respectively.

**HGS participants are building value in their own home through home improvements.**

## Rental vs. mortgage payments – HGS participants



**28.1% of HGS participants' income was used for mortgage repayments, compared with 31.6% previously contributing to rent. Around half the costs that were previously paid as rent are now mortgage principal payments.**

## Disclaimer

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### About NHFIC

NHFIC's mission is to improve housing outcomes for Australians. Established in 2018, NHFIC is a corporate Commonwealth entity that provides long-term and low-cost finance and capability building assistance to registered community housing providers (CHPs) to support the provision of more social and affordable housing. NHFIC lends, invests and provides grants to help finance the critical infrastructure needed to unlock and accelerate new housing supply. NHFIC supports home buyers by administering Government schemes that help them purchase their home sooner, and undertakes independent research into housing supply, demand and affordability in Australia. For more information and the latest data on our achievements, visit [nhfic.gov.au](https://nhfic.gov.au)