

The dream of home ownership is a tough one for many Australians to fulfil. After all, Australia is one of the most expensive countries to live in. But it's not just the cost of living and property pricing that delays our property buying.

The road to home ownership can be a long and winding one for most. Considering the affordability of repayments, the location and lifestyle balance of the property, saving up the baseline entry level 20% deposit (if not, having to absorb further costs by paying lenders' mortgage insurance (LMI)) and stamp duty are just some of the other factors to consider. In Australia, depending on age of the borrower and purchase price, it can take anywhere from two years to over six years<sup>1</sup> to save for a deposit. This of course is also dependent on the income and expenditure of individuals.

Yes, it can be tough to get a foot on the property ladder, but first home buyers (FHBs) are not deterred.

About a third of millennials and a quarter of all Australians plan to buy a property in the next two years with many using the lockdowns in 2020 to up the ante on their savings<sup>2</sup>.

**There is no better time than now for FHBs to dive in and make that commitment - if possible.**

**Here is why:**

### **1. Only a 5% deposit and no lenders' mortgage insurance (LMI) - until 30 June 2021 and only through certain lenders - for those who are eligible!**

Under the First Home Loan Deposit Scheme (FHLDS) eligible first home buyers can buy or build a new home with as little as a 5% deposit.

Usually, a 20% deposit is required to avoid LMI costs (which can cost tens of thousands of dollars). But under the FHLDS, the government guarantees the remaining 15% of the value of the property purchase financed by the eligible first home buyer's loan. Eligibility, property price thresholds and conditions apply.

### **2. One-off \$15,000 grant to eligible owner-occupiers, including first home buyers**

The Australian Government HomeBuilder grant provides eligible owner-occupiers, including first home buyers, with a grant to build a new home, substantially renovate an existing home or buy an off the plan home/new home. A \$15,000 grant is available for contracts signed between 1 January 2021 and 31 March 2021.

The government has also extended the deadline to 14 April 2021 (inclusive) for those applying for the \$25,000 which applies to eligible contracts signed on or after 4 June 2020 until 31 December 2020<sup>3</sup>. They have even lifted the property price cap for new build contracts in New South Wales to \$950,000 and Victoria to \$850,000 (\$750,000 in all other states and territories).

Caution: lenders won't assume you have this money because the grant is paid to you and not the bank – so be careful when working out how much money you have for the build (or even if T&Cs apply)!

### **3. Some lenders are offering bonus first home buyer incentives**

From bonuses offered at settlement, conveyancing fee rebates, no account keeping and establishment fees, to no application and valuation fees - these are a few of the incentives offered