



MORE AUSTRALIANS CAN NOW REALISE THE GREAT AUSTRALIAN DREAM OF HOME OWNERSHIP

Since the First Home Loan Deposit Scheme (FHLDS) commenced on 1 January 2020, many first homeowners have been able to utilise the program to enter the property market saving them thousands.

With:

- a tiny 5% deposit
- no lenders' mortgage insurance (LMI), and
- many states providing first home buyer stamp duty savings

many new consumers who thought they would never be able to acquire their own home have been attracted into the market.

For many first home buyers, the program's introduction was a welcome relief because they were caught in a perpetual savings cycle. As soon as they had they reached their original savings goal, the property market had moved

upwards requiring a larger deposit – they were forever chasing their tails.

With the requirement for a deposit reduced to 5% under the scheme, it made saving for a deposit more achievable.

As of October 2021, nearly 16,000¹ home purchases across Australia were supported by the FHLDS. This indicates the program has been successful.

So successful in fact, that the government announced in the 2022 Federal Budget an extension to the scheme indicating that the number of places would grow from 10,000 per year to 35,000 plus an additional 10,000 places for first home buyers in regional areas.

How does this relate to the average Australian?

- the average age of a successful applicant was 25-29, with 58% of applicants below 30 years old.
- the average value of a house purchased was \$450,000 at 95% leverage



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- the applicant's average taxable income was \$86,000
- the average deposit saved was \$29,000
- 63% of applicants utilising the scheme purchased in greater capital city areas

So how do you qualify?

You need to:

- be an Australian citizen over 18 years old
- have a taxable income of no more than \$125,000 or \$200,000 for a married or de-facto couple
- have at least 5% of the deposit saved but no more than 20%

AND

- the property is intended to be owner occupied
- you must take out a principal and interest loan
- previously you must not have purchased or had an interest in ownership of a property
- the property purchased must be below a price threshold, based upon location (generally between \$500,000 and \$800,000).

Who do you know who could benefit from the scheme?

With the increased numbers now available under the scheme, many more Australians will now be realising the great Australian dream of home ownership.

How do you get started?

All you need to do is call the office for a quick chat and we can let you know if we can help you.

Sources

1. <https://www.smartcompany.com.au/budget-2022/budget-first-home-buyers-deposit-scheme-risks/>
2. <https://www.nhfc.gov.au/media/1701/first-home-loan-deposit-scheme-fact-sheet-1-july-2021.pdf>