

# HOUSING PULSE HOME OWNERSHIP.

WESTPAC INSTITUTIONAL BANK



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This report was finalised on 19 March 2024.

# EXECUTIVE SUMMARY



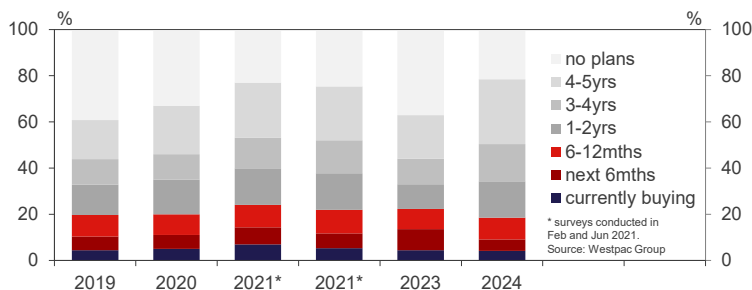
This is a supplementary note to our February [Housing Pulse](#) drawing on the latest results from the [Westpac Home Ownership Report](#), a survey conducted in early 2024 that is part of a series of surveys run since 2019.

The 2024 update shows very clear themes. The combination of high prices and interest rates is seeing affordability become extremely stretched at a time when cost-of-living pressures more generally are also constraining incomes. In response, would-be buyers are pushing the timing of their planned purchases back - less than 10% expect to transact in the next 6mths, the lowest share across all survey waves, but 60% of Australians are still planning a purchase in the next 1-5yrs, well above the rates recorded in previous surveys. Upgrading and investing dominate these medium to longer term plans. Over half of prospective buyers cite cost-of-living issues as a reason for delays. Compared to three years ago, there has also been an across-the-board lift in interest in buying townhouses rather than houses or units.

The prospective flow of first home buyers is showing the biggest response to these pressures, planned purchases down materially on last year. Just 2% of those surveyed expecting to become a first time owner in the next year. Compared to 2021, these prospective buyers expect it to take six months longer to raise a deposit that is nearly \$4k smaller. That said, they remain determined to achieve their goals and are open to adapting where and what type of house they buy.

Outside of the first home buyer space the story looks to relate more to the interest rate situation. Prospective investor buyers have pared back plans for the next six months but have firm intentions to buy over medium term with over a third of consumers planning a purchase in the next 5yrs. Near term plans are outright positive amongst prospective non first home buyers as well, the proportion planning a near term purchase at its highest since 2019, the resurgence in dwelling prices likely to have been a key enabler. Renovation plans are also more positive than last year, both near term and further out.

## 1. Home ownership: buying intentions



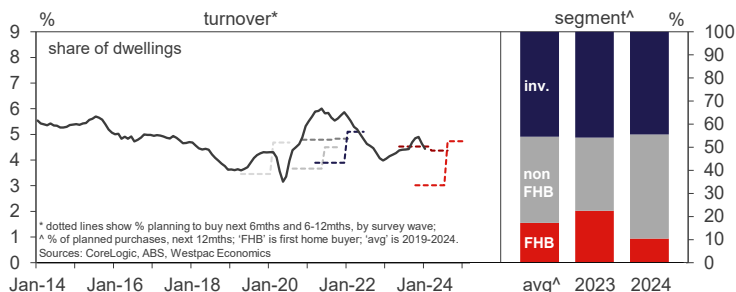
*“... would-be buyers are pushing the timing ... but 60% of Australians are still planning a purchase in the next 1-5yrs.”*

\*The [Westpac Home Ownership Report](#) is based on a panel survey of all Australians aged 18+. See Appendix on p13 for more details.

# Overview: home ownership plans, 2024



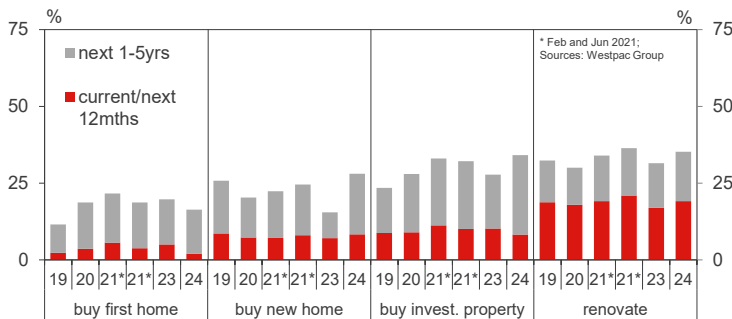
## 2. Home ownership: buying intentions, next 12mths



- Over the last five years Westpac has run a series of surveys about the views and plans Australians have around home ownership. These surveys, run in July 2019, November 2020, February 2021, June 2021, August 2023 and January 2024, provide valuable insights into attitudes and behaviours. This report covers the key insights from the 2024 results.

- Buying plans are a focus area for the survey. The charts left and comparable charts for each of the major states on p8-13 look at plans across segments and planning horizons. The left panel of Chart 2 shows near term buying plans (the next 6mths; and 6-12mths) from each survey wave compared to actual turnover, the right panel showing the mix between first home buyers (FHBs), other owner occupiers (non FHB) and investors. Note that many plans in recent years would have been overridden by unexpected COVID-related and interest rate developments. However, they still offer a useful guide to the psychology of prospective buyers at different points in time.

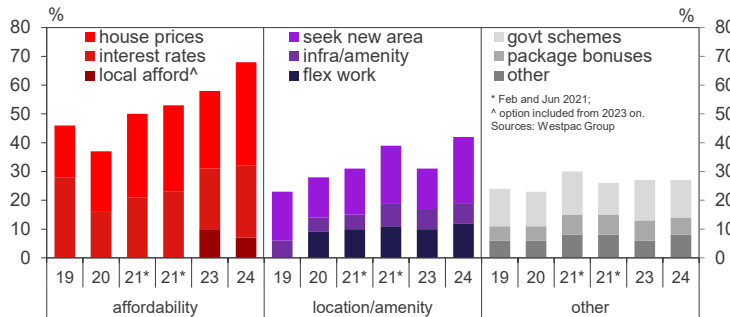
## 3. Home ownership: buying intentions by segment



- The stand-out message in 2024 is that purchase plans are being delayed. Just 9.1% of respondents expect to purchase a home in the next 6mths, down from 13.6% last year and the lowest result across all surveys. However, the delay is expected to be relatively short-lived with 9.5% expecting to transact in 6-12mths (up on 8.7% last year) and a remarkable 60% planning to buy a home over the next 1-5yrs, well above the previous 53.5% high in mid-2021.

- The segment detail suggests this profile reflects a variety of factors: affordability weighing heavily on some segments near term, but a degree of 'pent-up' demand starting to emerge elsewhere and signs that an expected 'pivot' in the interest rate cycle may be a more important factor for some buyer groups, investors in particular.

## 4. Home ownership: factors influencing plans

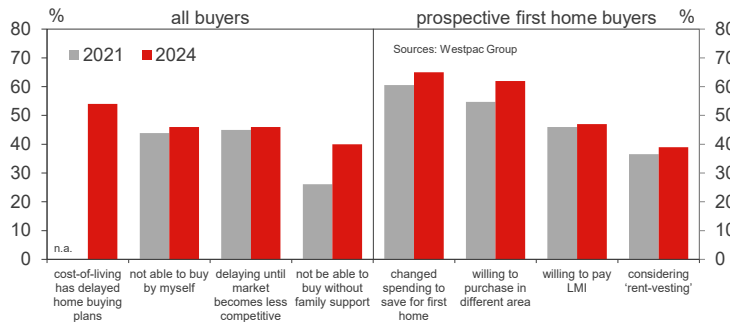


- Looking more closely at the main segments:

- Prospective **FHBs** are at the pointy end of affordability and cost-of-living difficulties and appear to be the most 'priced-out' near term. However, a relatively high proportion still plan to purchase over the next 5yrs, 16.3% vs 11.6% in 2019. The segment remains determined to become homeowners with signs they are adapting their approach in order to achieve these goals (see below for more discussion).

- **Non-FHBs** look much more resilient, with near term buying plans up slightly on last year. Notably, plans over the 1-5yr horizon are also up markedly on what was a very weak read in 2023. Conditions in the segment have likely seen a boost from the resurgence in established property markets over the last year (price gains improving the equity starting point for buyers in this group). The forward view is likely also factoring in some improvement in the interest rate environment.

## 5. Home ownership: selected issues



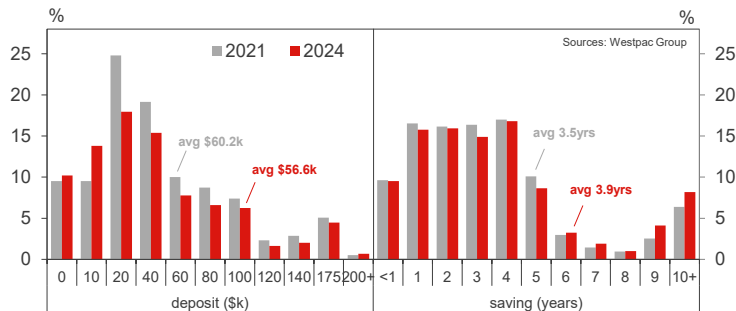
- **Investors** are set to be more active over the medium term while near term plans look to be more sensitive to the interest rate situation. Prospective investor buyers plan to sit tight over the next 6mths but have firm intentions to buy over the 6-12 month window, when an interest rate easing cycle is widely expected to begin. Notably, the 34% planning to buy over the full 5yr horizon is the highest on record, likely reflecting a mix of delayed purchases and demographic drivers of demand.

- **Renovation** plans also remain positive. Just over 19% of Australians plan to renovate over the next year, up on 17% in 2023. Over 35% are planning work over the next 5yrs, just shy of the 36% peak recorded during the 'renovation boom' in 2021. Some of this activity may be an indirect response to affordability pressures where renovation is being considered as an alternative to upgrading to a new home.

## 6. Home ownership: property type, size



## 7. Prospective first home buyers: deposit, saving period

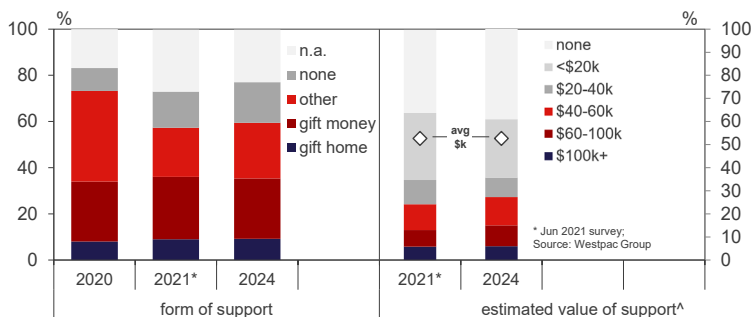


- Charts 4, 5 provide some more colour around the factors influencing plans and views on specific issues. Affordability-related factors dominate, cited as an influence by 68% of respondents compared to 58% last year and an avg of 44% over the previous three surveys. Notably, flexible work considerations remain a prominent consideration as well. Cost of living issues were cited by over half of respondents as a key reason for delaying purchase plans. It has clearly become more difficult to raise funds for purchasing. Indeed, 40% of respondents said they would be unable to buy without family support, up sharply from 26% in 2021.

- Chart 6 shows how these pressures are affecting the sort of dwellings prospective buyers are intending to purchase. Nearly a quarter of prospective FHBs are now looking to buy townhouses, up from 8% in 2021, with similar but slightly less pronounced shifts across other segments. In contrast, only 14-16% are planning to buy apartments/units, down slightly on 2021. The avg mix in terms of bedroom size has also been creeping lower.

- The bigger shift in the specs of intended property purchases amongst prospective FHBs reflects the more difficult environment for this buyer group. Chart 7 shows how much of a deposit this group expects to have when they come to buy and how long they expect it will take to accumulate these funds. Both speak to intense pressures. On avg, deposits are expected to be \$3.6k smaller than prospective buyers had been planning for in 2021 and the timeline for saving about 6mths longer. The proportion of prospective FHBs anticipating a 5yr+ savings slog has risen to 18.5% from 14.3% three years ago, with around half of that group expecting it to take a decade or more. Nearly a quarter expect to have only accumulated a deposit of less than \$20k, compared to 19% in 2021.

## 8. Prospective first home buyers: family support



## 9. Home ownership plans: by state

%	FHBs		non FHBs		investors		renovators	
	12mths	1-5yrs	12mths	1-5yrs	12mths	1-5yrs	12mths	1-5yrs
NSW	1.7	14.1	11.9	31.5	9.1	27.6	19.7	15.5
Victoria	2.7	13.6	10.9	37.8	9.0	27.7	16.5	17.8
Queensland	1.7	15.8	8.7	33.8	7.3	25.5	20.5	13.4
South Australia	2.1	14.4	9.7	27.4	4.9	18.9	14.6	17.9
Western Australia	2.0	14.7	8.8	36.6	6.2	23.0	22.3	20.0
<b>Australia</b>	<b>1.9</b>	<b>14.4</b>	<b>10.3</b>	<b>34.1</b>	<b>8.2</b>	<b>25.9</b>	<b>19.1</b>	<b>16.1</b>

% planning to buy, next 12mths; \* average across five waves of survey.

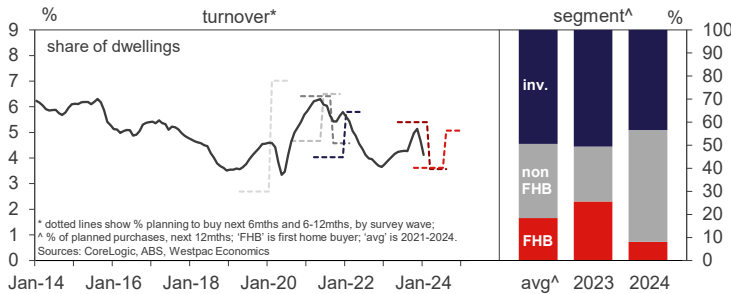
Source: Westpac Economics

- Separate questions identify a key spillover of this pressure on prospective FHBs – the support people are providing or expect to provide to their children to help with first home purchases – the so-called 'Bank of Mum and Dad'. Interestingly, this support also looks to be coming under some pressure. Just under 60% expect to provide some form of support, up slightly from 57% last year but below the 73% recorded in 2020. This ranges from the outright gifting of a home (9.2%) to some form of direct monetary support (26%) and/or a range of other supports such as providing rent-free accommodation, interest free loans or child-minding that saves on costs and allows for a return to work (24%).
- Interestingly, these shares are largely unchanged on 2021 and, in the case of 'other' support, materially lower than in 2020 (the reduction centred on 'rent-free accommodation' and 'babysitting' suggesting that changes in living arrangements and flexible work options have had some impact on responses).
- The estimated dollar value of support is, on avg, unchanged from 2021 despite some lift in the share expecting to contribute over \$40k. All up, it suggests the 'Bank of Mum and Dad' may be becoming a little tapped out for prospective FHBs as well.
- Themes and trends vary across states. In terms of buyer groups: FHBs look likely to be a little more active in Vic near term and in Qld over the medium to longer term; non-FHBs are more positive near term in NSW and Vic, and much less so medium term in SA; investor interest is particularly high in the major eastern states; and renovation plans are more elevated in WA. The following pages provide more details across states state including which parts of the major capital cities buyers and renters are gravitating towards.

# NSW: adapting to extreme affordability



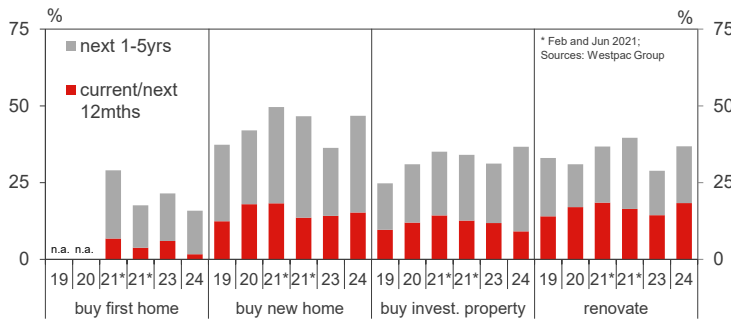
## 10. NSW consumers: home ownership plans



**Acute affordability problems seeing Sydney-siders push out plans, lower expectations, reconsider the west, units and new locations more generally.**

\* red shading shows parts of city that buyers and renters are gravitating towards.

## 11. NSW consumers: home ownership plans by segment



	avg*	2021*	2021*	2023	2024
factors: affordability	49	45	57	46	65
factors: location/amenity	31	32	36	25	44
factors: other	34	33	35	66	29
property type: house	63	n.a.	70	n.a.	55
property type: townhouse	12	n.a.	8	n.a.	16
property type: apt/unit	25	n.a.	22	n.a.	29
property size: min. bdrms	2.60	n.a.	2.43	n.a.	2.77
expected deposit: avg \$k^	61.6	n.a.	65.7	n.a.	57.4
expected saving time req.^	4.11	n.a.	4.08	n.a.	4.14
willing to change area^	61	n.a.	63	n.a.	58

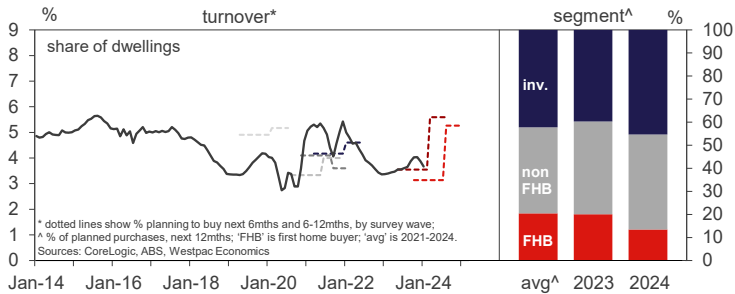
\* avg across all survey waves, '2021' columns refer to Feb and Jun 2021 surveys;  
 ^ responses of prospective first homebuyers only. Sources: Westpac Economics



# Vic: looking to the suburbs



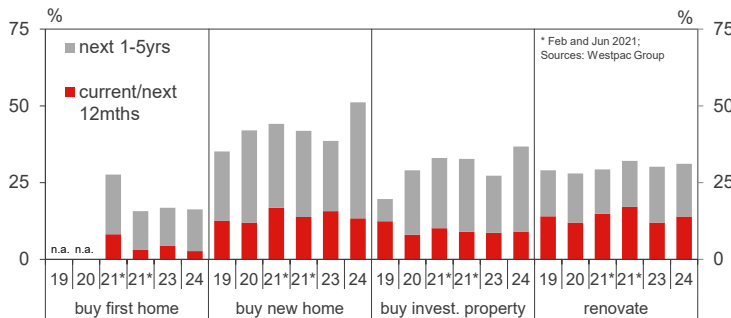
## 12. Vic consumers: home ownership plans



**Melburnians wary of inner city, looking for more space but struggling to save and hoping for a bargain.**

\* red shading shows parts of city that buyers and renters are gravitating towards.

## 13. Vic consumers: home ownership plans by segment



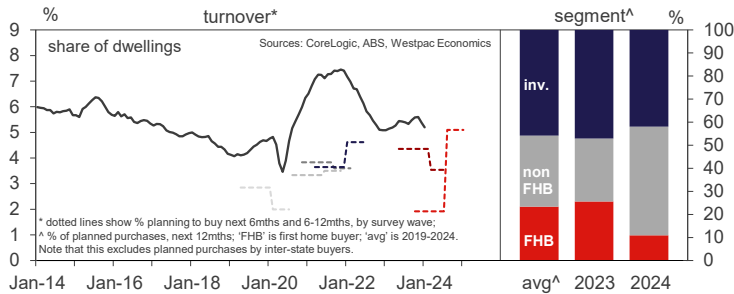
	avg*	2021*	2021*	2023	2024
factors: affordability	48	50	49	47	64
factors: location/amenity	33	31	41	31	45
factors: other	31	26	30	60	29
property type: house	60	n.a.	65	n.a.	55
property type: townhouse	15	n.a.	11	n.a.	19
property type: apt/unit	25	n.a.	24	n.a.	26
property size: min. bdrms	2.51	n.a.	2.29	n.a.	2.74
expected deposit: avg \$k^	63.4	n.a.	72.3	n.a.	54.5
expected saving time req.^	4.11	n.a.	4.09	n.a.	4.13
willing to change area^	63	n.a.	61	n.a.	64

\* avg across all survey waves, '2021' columns refer to Feb and Jun 2021 surveys;  
 ^ responses of prospective first homebuyers only. Sources: Westpac Economics

# Qld: warming to apartments?



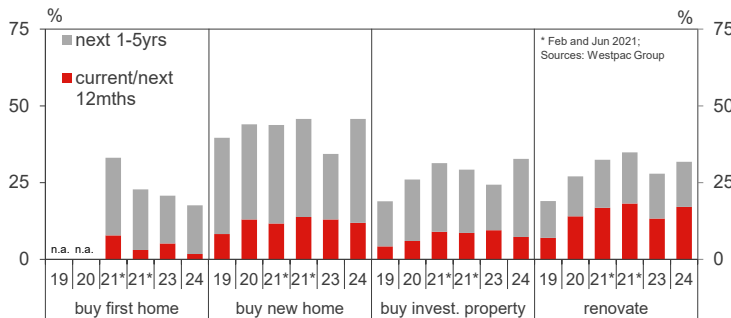
## 14. Qld consumers: home ownership plans



North appealing to Brisbanites, 'pent-up' demand building amongst prospective FHBs but detached houses moving out of reach?

\* red shading shows parts of city that buyers and renters are gravitating towards.

## 15. Qld consumers: home ownership plans by segment



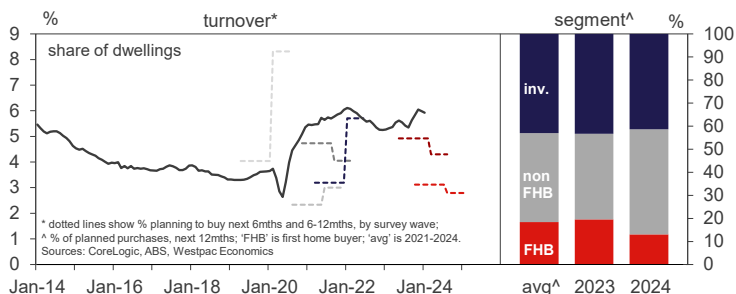
	avg*	2021*	2021*	2023	2024
factors: affordability	47	50	51	48	61
factors: location/amenity	29	27	35	23	39
factors: other	33	32	30	62	27
property type: house	66	n.a.	77	n.a.	55
property type: townhouse	14	n.a.	7	n.a.	20
property type: apt/unit	20	n.a.	16	n.a.	25
property size: min. bdrms	2.89	n.a.	2.76	n.a.	3.01
expected deposit: avg \$k^	52.1	n.a.	54.7	n.a.	49.5
expected saving time req.^	3.89	n.a.	3.62	n.a.	4.16
willing to change area^	66	n.a.	64	n.a.	68

\* avg across all survey waves, '2021' columns refer to Feb and Jun 2021 surveys;  
 ^ responses of prospective first homebuyers only. Sources: Westpac Economics

# WA: well-placed and ready to renovate



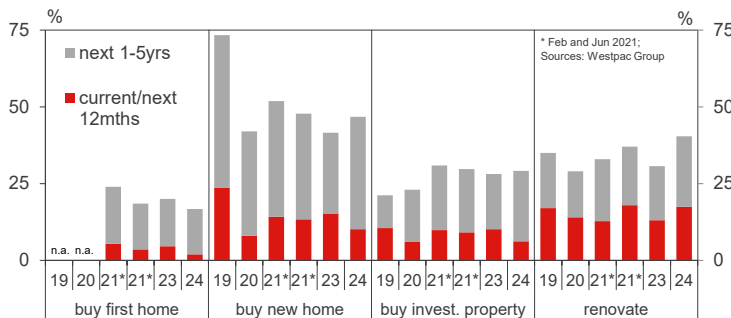
## 16. WA consumers: home ownership plans



**Perthlings are holding off buying but look better placed around incomes and less inclined to compromise.**

\* red shading shows parts of city that buyers and renters are gravitating towards.

## 17. WA consumers: home ownership plans by segment



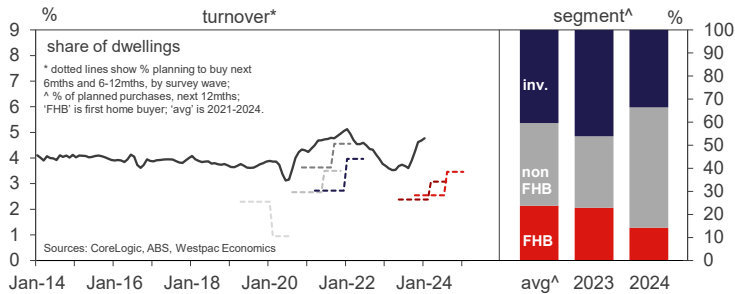
	avg <sup>*</sup>	2021 <sup>*</sup>	2021 <sup>*</sup>	2023	2024
factors: affordability	49	56	55	48	60
factors: location/amenity	31	35	38	24	40
factors: other	33	36	37	61	23
property type: house	74	n.a.	87	n.a.	60
property type: townhouse	10	n.a.	4	n.a.	16
property type: apt/unit	17	n.a.	9	n.a.	24
property size: min. bdrms	2.84	n.a.	2.74	n.a.	2.93
expected deposit: avg \$k <sup>^</sup>	48.0	n.a.	50.8	n.a.	45.2
expected saving time req. <sup>^</sup>	3.75	n.a.	3.59	n.a.	3.90
willing to change area <sup>^</sup>	61	n.a.	62	n.a.	59

\* avg across all survey waves, '2021' columns refer to Feb and Jun 2021 surveys; <sup>^</sup> responses of prospective first homebuyers only. Sources: Westpac Economics

# SA: still good options for patient buyers



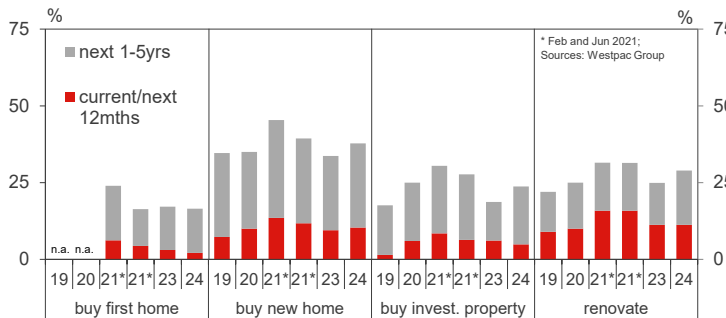
## 18. SA consumers: home ownership plans



**Affordability still less of a factor for Adelaideans who are less fussed on location, starting to head west and becoming a little more open to units.**

\* red shading shows parts of city that buyers and renters are gravitating towards.

## 19. SA consumers: home ownership plans by segment



	avg*	2021*	2021*	2023	2024
factors: affordability	34	42	45	25	40
factors: location/amenity	27	34	33	32	26
factors: other	30	32	35	63	15
property type: house	74	n.a.	81	n.a.	67
property type: townhouse	10	n.a.	8	n.a.	12
property type: apt/unit	16	n.a.	12	n.a.	21
property size: min. bdrms	2.75	n.a.	2.51	n.a.	2.99
expected deposit: avg \$k^	41.9	n.a.	45.8	n.a.	38.0
expected saving time req.^	4.13	n.a.	3.77	n.a.	4.50
willing to change area^	59	n.a.	60	n.a.	59

\* avg across all survey waves, '2021' columns refer to Feb and Jun 2021 surveys;  
 ^ responses of prospective first homebuyers only. Sources: Westpac Economics

# APPENDIX: SURVEY DETAILS



The **Westpac Home Ownership Report** draws on results from a regular panel survey of Australians. Six waves of the survey have now been conducted: July 2019, November 2020, February 2021, June 2021, August 2023 and January 2024. Wherever possible, consistent definitions have been used to compare results across survey waves.

The research was commissioned by Westpac and conducted by Lonergan Research in accordance with the ISO 20252 standard. Lonergan Research surveys around 2,000 Australians aged 18+. Surveys were distributed throughout Australia including both capital city and non-capital city areas. The 2024 survey was conducted online amongst members of a permission-based panel, between 4 and 15 January 2024. After interviewing, data was weighted to the latest population estimates sourced from the Australian Bureau of Statistics.

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