

Population growth will continue to support first home buyer demand in 2010/11

14 April 2010 – First Home Buyer intentions are not expected to fall to the same extent as they did following the expiration of the First Home Buyer Boost Scheme in 2002.

QBE Lenders' Mortgage Insurance (QBE LMI) has released its latest ImiMORTGAGE UPDATE (researched by BIS Shrapnel) which reports first home buyer attitudes and activity. The report anticipates loans approved to first home buyers to be relatively strong at 110,000 to 115,000 in 2010; this is a healthy 27% above the low point of loans to first home buyers in 2003/04.

Ian Graham, CEO of QBE LMI, said "This is the first quarter following the withdrawal of the First Home Owner Grant Boost Scheme (FHOGBS) as well as a number of interest rate increases that first home buyers have had to deal with. Not surprisingly this has had a short term impact on demand in the market. This was expected, given that many first home buyers brought forward their intentions to enter the housing market in 2009."

"The research by BIS Shrapnel shows strong population growth in the first home buyer age cohort (25 to 39 year-olds) totalling 3.2% over the three years to June 2012. The solid growth in this age group will result in a bigger pool of first home buyers in the market which will support demand in the future" said Mr Graham.

"Interestingly the research also confirms first home buyers are adjusting their expectations by turning to established or smaller dwellings, such as townhouses and apartments. This reflects pressure on affordability following the expiration of the FHOGBS and higher interest rates on mortgages" said Mr Graham.

"Forecast rental increases will also be a factor in driving first home buyer demand. The move from renting to paying off a mortgage will continue to be an attractive option and as a result will encourage many first home buyers to enter the market in the year ahead" said Mr Graham.

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Background on QBE LMI

QBE LMI is a leading mortgage insurer with over 45 years experience in the Australian market and over 22 years in the New Zealand market. Through our proactive approach, innovative products and services, and longstanding knowledge and expertise, QBE LMI has helped its customers to manage and reduce risk.

Our ultimate holding company, the QBE Group is listed on the Australian Stock Exchange and has offices in 45 countries throughout Asia Pacific, the Americas and Europe, employing over 13,000 staff worldwide.

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