



PARENTS INCREASINGLY HELPING KIDS TO BUY A HOUSE

More Australian parents than ever are stumping up large sums of money or providing "family pledge" loans to help their adult children buy property, mortgage brokers & real estate experts say.

Financial strategist and mortgage broker Mario Borg told Domain "there is definitely more of this going on." He said many parents were offering a portion of the homes they owned outright and which had increased in value by up to 25 per cent in the past two years, as pledge loan security to support their children's home loan applications. Others were buying property in a joint venture with a child.

"I also see many parents provide a cash gift to their kids," said Mr Borg, who runs a training business for mortgage brokers. He said real estate prices in the major capitals had increased since 2012 but official numbers for first home buyers gaining housing finance approvals had fallen.

He noted that many family-assisted first-home purchases were not being counted in the first home buyer, or FHB, data collected by the Australian Bureau of Statistics.

"If I bought a property jointly with my son, that wouldn't involve a first home buyer loan, so you wouldn't know about it," Mr Borg said.

The widening access younger Australians have to the bank of mum and dad, coupled with the introduction of more restricted FHB grants, appears to be hiding the true extent of FHB purchasing.

Domain Group senior economist Andrew Wilson said the eastern seaboard states now only offered FHB grants for the purchase of new properties. Established properties no longer qualified for the grants. He said this had made it more difficult for the ABS to identify buyers who were purchasing established property for the first time.

Dr Wilson said baby boomers (born between 1945 and 1964) had a cultural connection to home ownership. "They have reaped the highest rewards from the booms of the past three decades," he said. "There is an enthusiasm to help out, particularly now that you don't get the first home buyer grant unless you are buying a new property."

Dr Wilson said some first-time purchasers in Sydney and Melbourne were buying \$600,000 properties. If they borrowed \$480,000, lenders required them to be earning about \$2000 a week.

"I can't see the typical first home buyer having \$150,000 in cash

and earning \$2000 plus a week," he said. Paul Nugent, of Wakelin Property Advisory, agrees it has become much more common for parents to partner with adult children to buy property or to lend or give them money.

"Over the past three years, you have seen more fathers bidding at auction on behalf of adult children," he said. In a statement on housing finance last week, the ABS asked lenders to report all loans to first home buyers.



"Concerns have been raised that under reporting could occur if some lenders were only able to accurately report on those buyers receiving a first home buyer grant," the statistics body said.

The latest ABS data shows the number of housing loans approved nationally for FHBs fell by 9.9 per cent over August to 6054, the lowest monthly result for six months.

Officially, first-time buyers now account for just 8.1 per cent of all national finance for housing sales, which is the lowest proportion on record and below the long term average of 15.4 per cent.

The average first home buyer loan for NSW fell to \$318,400 over August - down by 4 per cent. FHBs now account for just 4.3 per cent of all housing sales finance.

FHB numbers in Victoria were down by 2.1 per cent over August to a four month low of 1656. The average FHB loan in Victoria is \$291,100 the lowest since October last year, and first time buyers account for just 8.2 per cent of all housing loans in the state.

relax . celebrate . enjoy



DIY DISASTERS COST AUSSIES \$380 MILLION

With a new report showing 75 per cent of Australian homeowners have attempted their own repair or renovation, it's little wonder \$380 million has been spent on tradesperson repairs.

According to the *Gumtree Tradie Trends Report*, more than one in five homeowners have bungled a DIY job.

"Problems around the home are often made worse by unskilled homeowners attempting what should be left to a qualified tradesperson," says founding director of Renovating for Profit Cherie Barber.

"It may seem like a good idea at the time, but it can result in a more costly project and devalued property if work is not carried out correctly."

The average Australian household spends just under \$1000 (\$960) on home repairs and renovations a year, equating to \$3.8 billion spent on trades in the past year. However, homeowners report saving as much as \$561 per job by sourcing comparative quotes, with 9 in 10 believing hefty price tags don't always ensure quality work.

The majority of Australians (54 per cent) are jumping online to source a tradie, citing the following key benefits:

- Convenience (71 per cent)
- Source Someone Locally (68 per cent)
- Read Comments Posted by Other Users (52 per cent)
- Greater Choice Available (42 per cent)
- Find Cheaper Deals (34 per cent)

"The Gumtree Tradie Trends Report found convenience and locality are the main reasons Australians are sourcing tradespeople online," says Gumtree spokesperson Niki Hennessy.



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