THE RESIDENTIAL WRITE-UP

Cash Rate Update | increased to 4.85%



First home buyer loans surge $50,000 as guarantee scheme reshapes market

First home buyer lending has outpaced the broader market for the first time in two years, but the milestone comes at a cost with average loans jumping nearly $50,000 and monthly repayments climbing by $587.

New research from Temple and Webster using ABS Lending Indicators data reveals that first home buyer lending grew 3.3 per cent in the year to June 2026, compared to 1.9 per cent for the rest of the market. This marks the first positive shift since September 2024.

The growth follows the expansion of the First Home Guarantee scheme on 1 October 2025, which opened to all first home buyers with a 5 per cent deposit, removing income caps and lenders mortgage insurance requirements.

However, the data shows fewer Australians are actually securing loans. Seasonally adjusted first home buyer loan numbers fell 2.3 per cent compared to the pre-scheme quarter and remain 39.9 per cent below their June 2009 peak of 50,097.

The average first home buyer loan reached $610,063 in June 2026, up 8.9 per cent since the scheme launched. Almost all of this increase occurred in the first three months, with an 8.5 per cent jump in the December quarter representing the single largest quarterly rise since records began in September 2002.

Non-first home buyer loans grew 4.4 per cent over the same period, meaning first home buyer loan sizes expanded at nearly twice the market rate. This pattern held across seven of the eight states, with Western Australia the only state where buyer numbers fell despite recording the country's largest loan increase of 16 per cent.

Modelling on the average loan shows the extra borrowing costs approximately $587 per month over 30 years. While the scheme removes about $96,000 upfront, it breaks even after 13.7 years. Interest rate rises since October have already eroded more than a third of that upfront benefit.

Peter Drennan, Head of Research and Data at Primara Research, said the additional repayment fundamentally changes household budgeting for new homeowners.

"First home buyers are keeping pace with the market for the first time in two years, but it's coming with a loan nearly $50,000 bigger, all committed to the mortgage, not spending money," Mr Drennan said.

"An extra $587 a month changes how a new homeowner budgets, and rising rates only make that harder to plan around."

Mr Drennan said that the scheme's impact varies significantly depending on individual circumstances.

"Not every first home buyer using this scheme is in the same position," he said.

"Some didn't have that last deposit saved, so the extra $587 a month comes out of an already tight budget. Others had it ready and chose to keep it in the bank, carrying the same $587 a month but with cash on hand for furnishing. How they set up their new home depends on which one they are."

Regional property values defy national downturn

Regional property markets are outperforming capital cities as higher interest rates continue to weigh on buyer demand and cool sales activity across Australia.

According to a Cotality report, regional dwelling values rose 5.6 per cent over the year to September, while capital city values fell 1.8 per cent during the same period.

The divergence in performance has kept national average prices stationary despite a widespread slump in recent months. While cities like Perth and Darwin recorded average dwelling value increases exceeding 10 per cent, declines in east coast metropolises such as Sydney and Melbourne dragged down the overall capital city average.

The last quarter proved particularly challenging, with only a handful of regional areas and Darwin sustaining price growth.

Cotality Research Director, Tim Lawless, said sustained interest rate increases were central to the continuing downward trend.

"They're also weighing up higher repayments and the prospect of further price falls, which is making some reluctant to commit even if they can afford to buy," Mr Lawless said.

He said buyers now had considerably reduced borrowing capacity, forcing many to reconsider their purchasing decisions.

Sales activity has slumped significantly, with the number of houses sold in September falling 20.9 per cent compared with the same month in 2025. This occurred despite spring traditionally heralding a boost in market activity.

The decline continued a nine-month trend of lower sales compared with the same period in 2025, with the metropolitan market being the main contributor to the downturn.

Sellers are becoming increasingly hesitant to list their properties as they try to avoid being unable to sell, with more homes staying on the market for longer. The median property across the capital cities now takes nearly six weeks to sell.

Meanwhile, renters continue to face mounting pressure with rents rising 5.5 per cent on average over the past year. Darwin faced the biggest 12-month increase of nearly 12 per cent.

The regional property market's resilience comes despite the challenging conditions facing the broader housing sector. The increase in regional area house prices, albeit from a lower base, has provided some stability to the national market during a period of significant uncertainty.





4 THINGS TO KNOW ABOUT LENDERS MORTGAGE INSURANCE AND WHEN IT APPLIES

Lenders mortgage insurance is one of the most commonly misunderstood costs in the home buying process.
Many buyers know it exists but are unclear on what it covers, who pays it and when it can be avoided. Getting across the basics before you apply puts you in a better position to plan your deposit strategy.

Here are four things worth knowing.

It protects the lender, not you

Despite the name, lenders mortgage insurance protects the lender, not the borrower. If you default and the property sells for less than the outstanding balance, the insurer covers the lender's shortfall. You pay the premium, but the cover does not extend to you. It does not protect you from losing the property, cover your repayments if you lose your job or provide any benefit to you if things go wrong.

It applies when you borrow more than 80 per cent of the property value

LMI is typically required when your deposit is less than 20 per cent of the purchase price or assessed value, whichever is lower. This threshold is known as the loan-to-value ratio, or LVR. A borrower with a 10 per cent deposit has an LVR of 90 per cent, which sits above the 80 per cent threshold and would generally trigger LMI.

The cost varies depending on the loan size, the LVR and the insurer used by your lender. On a higher-value loan with a small deposit, the premium can amount to several thousand dollars. It is typically added to the loan balance rather than paid upfront, which means interest accrues on it over the life of the loan.

There are ways to avoid or reduce it

The most direct way to avoid LMI is to save a deposit of at least 20 per cent. In markets where prices are elevated, reaching that threshold can take considerably longer, during which time values may continue to move.

Several government schemes allow eligible buyers to purchase with a smaller deposit without paying LMI. The First Home Guarantee allows eligible first home buyers to purchase with as little as a 5 per cent deposit, with the government acting as guarantor for a portion of the loan. A family guarantee, where a family member uses equity in their own property to support the application, is another option that could potentially remove the LMI requirement. Each comes with its own eligibility criteria and conditions worth understanding before you apply.

Paying LMI is not always the wrong decision

For some buyers, paying LMI and entering the market sooner may be worth considering alongside continuing to save. If property values in your target area are rising, the cost of LMI could be outweighed by entering earlier. If the cost of renting while saving exceeds the LMI premium, the calculation shifts further.

A mortgage broker can help you understand how LMI applies to your situation and compare your options across lenders.

5 THINGS TO CHECK ON YOUR HOME LOAN EACH YEAR

Most people spend more time reviewing their phone plan than their home loan. Yet for the majority of households, the mortgage is the single largest financial commitment they have.

As we close in on the end of the year, taking an hour to check a few key things could put you in a better position.

Here are five things worth checking each year.

Your interest rate

The rate you are currently paying may not reflect what is available in the market. Lenders regularly update their rates for new customers, and existing borrowers do not always receive the same adjustments automatically. A mortgage broker can help you compare your options across a range of lenders.

Your loan structure

The structure that made sense when you first borrowed may no longer suit your situation. If you are on a fixed rate, check when it expires and what rate you revert to when it does. If you are on variable, consider whether your repayment frequency and any offset or redraw arrangements are still working as intended. Life circumstances change, and your loan structure should keep pace.

Your offset account

An offset account reduces the balance your interest is calculated on daily. Check whether yours is a full or partial offset, as not all accounts work the same way, and confirm it is correctly linked to your loan. Some borrowers set up an offset at settlement and never review whether it is actually working as expected.

Your fees

Annual fees, monthly account keeping fees and package fees add up over time. Check what you are being charged and whether the features those fees cover are ones you actually use. In some cases a lower-fee structure may suit your needs just as well. Either way, it is worth knowing what you are paying for.

How much equity you have built

As your loan balance reduces and property values shift, your equity position changes. Knowing where you stand opens up a clearer picture of your options. Depending on your situation, equity could potentially be used to fund a renovation, support the purchase of an investment property or assist a family member into the market. It may also affect whether lenders mortgage insurance still applies on an older loan.

A review does not have to mean switching lenders. Sometimes it simply confirms you are in a good position. Either way, having the information puts you in control.

A mortgage broker can help you review your current loan and compare your options.



4 THINGS TO CONSIDER BEFORE FINANCING AN ELECTRIC VEHICLE

Electric vehicle sales in Australia have grown significantly over the past two years, and more buyers are now considering an EV as their next car. The finance side of the purchase works similarly to a standard car loan in many respects, but there are a few things specific to EVs that are worth understanding before you apply.

Here are four things worth knowing about financing an electric vehicle.

Lenders assess EVs differently to petrol vehicles

Some lenders apply different loan-to-value ratios or age and kilometre restrictions to EVs compared to petrol vehicles, partly due to uncertainty around long-term resale values and battery degradation. This means the amount a lender is willing to finance against a particular EV may differ from what they would offer on a comparable petrol model. It is worth checking lender policies before settling on a vehicle, as the market is still evolving and policies vary considerably between lenders.

Charging infrastructure costs are part of the total ownership picture

Home charging installation can add to the upfront cost of EV ownership. Some buyers factor this into their overall finance arrangements, while others treat it separately. Understanding the full cost of the switch before you commit to a loan amount is worth doing.

The battery is a key factor in the vehicle's value and financeability

The battery is the most expensive component in an electric vehicle and has a direct bearing on the car's value over time. When assessing an EV for finance, some lenders will consider the remaining battery warranty, the vehicle's battery health and whether the manufacturer offers a battery replacement program. For used EVs in particular, understanding the battery's condition and what cover remains is an important part of the purchase decision, not just the finance application.

Government incentives may affect the purchase price but not the loan structure

State and territory governments offer varying incentives for electric vehicle purchases, including stamp duty exemptions, registration discounts and rebates on eligible models. These incentives reduce the upfront purchase price, which in turn affects the amount you may need to borrow. However, they do not change how the loan itself is structured or assessed. Availability and eligibility criteria differ by state and are subject to change, so it is worth confirming what applies in your location at the time of purchase.

The EV market is evolving quickly and lender policies are still catching up in some areas. Getting guidance before you commit to a vehicle can help avoid surprises at the finance stage.

A finance broker can help you compare your options across a range of lenders who finance electric vehicles.





5 DIFFERENCES BETWEEN MOTORBIKE FINANCE AND CAR FINANCE

If you have financed a car before, you might assume financing a motorbike works the same way.

In many respects it does, but there are some important differences worth understanding before you apply. Getting across these early can help you avoid surprises and put you in a stronger position when comparing your options.

Here are five differences between motorbike finance and car finance.

Loan amounts are generally smaller

Motorbikes typically cost less than cars, which means the loan amounts involved are usually smaller. Some lenders have minimum loan amounts that may be above the purchase price of a lower-cost bike, particularly for older or entry-level models. It is worth checking minimum lending thresholds before you apply, as not every lender will finance smaller loan amounts on the same terms they would offer for a car purchase.

Depreciation can be steeper

Motorbikes can depreciate quickly, particularly sports and performance models. This affects how lenders assess the security value of the asset over the loan term. If you are considering a longer loan term to keep repayments manageable, it is worth factoring in how the bike's value may move relative to the outstanding balance. A significant gap between the two could leave you in a difficult position if you want to sell or trade before the loan ends.

Age and kilometre restrictions may be tighter

Lenders often apply stricter age and kilometre limits to motorbikes than to cars. A bike that is ten years old or has high kilometres may be difficult to finance through some lenders or may attract different conditions compared to a newer model. This is particularly relevant for buyers considering classic or vintage bikes, where specialist finance options may be more appropriate than a standard secured loan.

Gear and accessories are usually not included in the loan

Unlike a car purchase where on-road costs and accessories are sometimes bundled into the finance, motorbike loans typically cover the bike itself. Safety gear including helmets, jackets and boots is a significant additional cost for new riders and is generally not financeable as part of the same loan. Some lenders offer personal loans alongside motorbike finance that could potentially be used for this purpose, though the terms and rates differ from secured vehicle finance.

Lender choice may be more limited

Not all lenders who offer car finance also offer motorbike finance, and those that do may apply different criteria. The pool of lenders is generally smaller, which makes comparing options across multiple lenders more important rather than less.

A finance broker can help you compare your options across a range of lenders who finance motorbikes, including both new and used models.

This is general information only and is subject to change at any given time.
Your complete financial situation will need to be assessed before acceptance of any proposal or product.