



## MEDIA RELEASE

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# Australia's home loan secrets revealed for the first time

- ***Australia's 25 million people live in 10.3 million homes, worth a collective \$6.6 trillion***
- ***Baby boomers are spending about \$1 billion a year of their Millennial children's inheritance, by gradually selling off their homes through 'reverse mortgages'***
- ***Almost 40% of all mortgages are now taken out by single borrowers, reflecting the changing social fabric of Australia***
- ***Sydney is the female financial liberation capital, with five of its suburbs having the highest rates of single female home ownership of anywhere in the country***
- ***About 180,000 new homes are being built per year, or 15,000 a month***

MIDDLE-aged Australians aged between 30-50 are burdened by the largest mortgages in the country, dispelling the myth that first home-buying Millennials are the most disadvantaged generation financially, research by illion has revealed.

illion's inaugural *Mortgage Nation: The Great Australian Debt Report* analyses the actual banking and mortgage records of almost five million Australians, making it one of the most detailed and credible in the country.

illion CEO Simon Bligh said Australians in their 30s and 40s had the highest average mortgages in Australia, at \$405,000 and \$380,000 respectively.

"Despite the widespread belief that first-home buyers in their 20s with small deposits are the most indebted group in the country, it is actually Generation X aged between 30-50, which is enduring 'peak debt burden'," Mr Bligh said.

"This is the age when owners typically 'trade up' from units to homes to accommodate growing families, and is also likely to be the time when household spending with dependents peaks.

"On the other hand, Baby-boomers are spending up to \$1 billion a year of their Millennial children's inheritance, by gradually selling off their homes through 'reverse mortgages', to improve their own lifestyles.

"Although interest rates falling to 40-year lows, \$20.4 billion of home loans are currently in arrears, suggesting that many Australians have already borrowed to their maximum limit and are struggling to repay their obligations.

"On the positive side, almost 20% of all new homes in the last two years have been taken out by those under the age of 30, suggesting first home buyers have come surging back into the market following almost two years of a decrease in property prices."



Mr Bligh said Australia's property market was worth a staggering \$6.6 trillion, easily outstripping the value of the \$2.9 trillion compulsory superannuation system and the \$2.2 trillion share market.

"Australia's property market is crucial to the economic prosperity of Australians," he said.

"However, our homes are amongst the most expensive in the world, with Sydney and Melbourne ranking in the top five cities globally for housing unaffordability.

"It means we are particularly vulnerable to global and domestic economic shocks."

Australia's population of 25 million people live in 10.3 million homes, worth a collective \$6.6 trillion. The country is building about 180,000 new homes a year, or 15,000 a month.

Of these properties, 6 million have mortgages against them, worth a collective \$2.1 trillion. The average for home loans opened in the last two years is \$456,000, based on the amortised loan amount, not the balance.

### **Key findings:**

- Relationships, or friendships, remain the most popular pathway to home ownership in Australia, with three in every five home loans owned jointly by a male and female. Almost 40% of mortgages have been taken out by a single borrower.
- Twenty-one per cent are single males and 16% are single females. Only 3% of all mortgages are with two or more borrowers of the same gender.
- Sydney is the female financial liberation capital, with five of its suburbs having the highest rates of single female home ownership of anywhere in the country.
- In comparison, the top five Australian suburbs where men go solo are shared between Perth, Sydney and Melbourne.
- For both men and women 'going solo' is most popular in our inner-cities and affluent suburbs, rather than more affordable suburbs on city fringes.

### *State by state comparison*

- Western Australia is the country's mortgage state, with 39% of residents having a home loan, followed closely by Tasmania with 34%, and Victoria and South Australia on 32%.
- Northern Territorians either own their own homes outright, or prefer to rent, as they have the lowest proportion of mortgages, at only 29%.
- The Australian Capital Territory, Wollongong, Newcastle and Geelong have the best average credit quality in the nation, suggesting they live within their means and are responsible spenders and savers.

### *Mortgage stress*

- Even though the nation's property market has improved in the last 12 months, wages growth continues to be weak. This may explain why 1% of mortgages, worth \$20.4 billion, are 30 or more days behind in their payments, with 0.7% (\$13.3 billion) over 60 days behind.
- Four of the five most mortgaged stressed suburbs are in Perth, at Two Rocks, Alkimos, Jindalee and Oakford.

- By comparison, the five least mortgaged stressed suburbs in the nation are Dandenong (VIC), Glenorchy (TAS), Claremont (TAS), Fannie Bay (NT) and Lyneham (ACT).

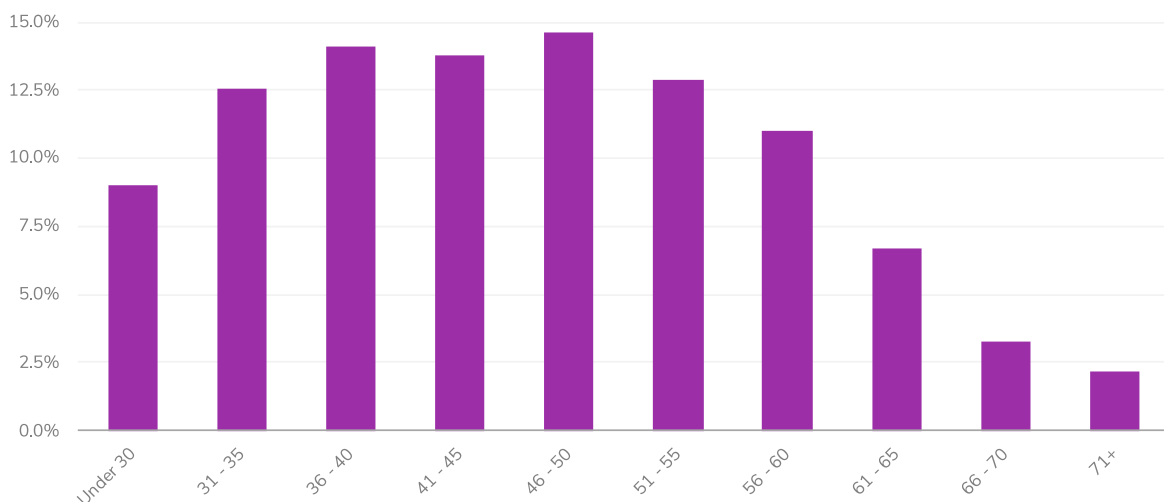
#### Overall demand

- In the last 12 months Australia's property market has stagnated with the number of new mortgages per month at the lowest level since 2016.
- In 2019, 59,012 new home loans on average were approved each month, compared with 67,762 in 2018, 63,372 in 2017 and 57,542 in 2016.
- About 180,000 new homes are currently built every year in Australia, or 15,000 a month.

#### Age trends

- Baby Boomers are spending up to \$1 billion every year on their Millennial children's inheritance, by cashing out equity in their homes through reverse mortgages.
- Despite their title as the nation's most indebted age group, Australians in their 30s have been racing to re-enter the recovering property market, representing one in three new home loans in the last two years.
- Of more importance perhaps is the fact that almost 20% of all new homes in the last two years have been taken out by those under the age of 30, suggesting first home buyers have come surging back into the market following the recent downturn in property prices.
- Older men continue to pursue the great Australian dream of home ownership well past the traditional retirement age of 65. In fact, a staggering 27% of all mortgages over the age of 70 are for single males.
- The greatest concentration of single gender mortgages is at either end of our lifetimes - with typical first-home buyers under the age of 30, and with older Australians over the age of 70.

**Market share of all home loans**



### Number of residential dwellings in Australia



| Month  | Number of residential dwellings in Australia | Increase per year |
|--------|--|-------------------|
| Jun-12 | 9,097,600                                    | -                 |
| Jun-13 | 9,226,900                                    | 129,300           |
| Jun-14 | 9,366,800                                    | 139,900           |
| Jun-15 | 9,562,100                                    | 195,300           |
| Jun-16 | 9,774,500                                    | 212,400           |
| Jun-17 | 9,974,800                                    | 200,300           |
| Jun-18 | 10,161,400                                   | 186,600           |
| Jun-19 | 10,347,200                                   | 185,800           |

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#### About illion

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It leverages consumer and commercial credit registries, which comprise data on over 24 million individuals and over 2 million commercial entities, to provide end-to-end customer management solutions to clients in the financial services, telecommunications, utilities and government sectors.

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