

Six-year wait to save deposit for first home in Sydney

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Worked 50-hour weeks ... Doug Kerle saved for seven years to build the deposit for his two-bedroom apartment in Ryde. *Photo: Edwina Pickles*

The economy and changing attitudes of young home-buyers push the time to save up a deposit out by 12 months in the past year.

THE time it takes first home buyers to save a deposit has increased by a year in the past 12 months, according to fresh analysis of census and housing price data, making the average wait for Sydney 6.2 years.

The average deposit for a first home, according to the data, is now \$85,800. In Sydney, the figure rises to \$128,200.

"It's pretty fair to say we're looking at generally higher saving [times] than a decade ago," said Tim Crawford, a senior analyst at Bankwest, which prepared the data.

"There's two factors that stand out for the past year: we've seen a 10 to 15 per cent rise in Sydney house prices and we've seen a reduction in the federal government first home buyer's scheme."

The data, based on dual-income couples saving 20 per cent of their pre-tax income a year, shows the average period for saving a house deposit is 4.5 years nationally, up from 3.7 years in 2009.

Chris Eves, a professor of property economics at Queensland University of Technology, said the trend would not reverse in the foreseeable future but was a counter-balance to the brief saving periods associated with easy-to-get loans in the 1990s.

Research conducted by his department last year had also shown saving among young people was seen as less important than it might have been by previous generations.

"If you go back to the '80s and early '90s, your priority when you left university or started work was to start saving. Now that seems to be 12 months overseas. When you're looking at that, at the money saved [for travel] and the loss of income, it's a fair bit of a deposit," Professor Eves said.

"Our research showed 62 per cent of students said they would put overseas travel ahead of saving for a house. Somewhere around 80 per cent would not forgo lifestyle [to save] for a deposit on a house."

Doug Kerle, an audio-visual technician, bought a unit in Ryde two months ago.

He saved for seven years to buy it and put aside half his earnings for the past three years to build the deposit.

The 26-year-old, who worked 50-hour weeks and avoided travel to save, said he still could not have done so if he had not been living with his parents.

"If I'd had to pay for rent and food, you'd be looking at \$300 a week," he said.

"You couldn't save."