

A place to call home - Australians' views on housing affordability.

Prepared for Westpac by Ipsos.



200



200 years proudly supporting Australia

Foreword.

Home ownership has long been a cornerstone of the great Australian dream and is still alive today.

Since the Second World War an important element of building prosperity, was literally building and owning your own home. After all, home ownership can make a powerful difference to individuals, families and communities. It encourages people to save, helps build and distribute wealth, can lead to a stronger sense of community and helps ensure people aren't left behind financially.

However with the huge growth in house prices, particularly in major cities, and ongoing supply issues, in recent years we've seen the emergence of a housing affordability problem. It's both an economic and social issue, impacting current and possibly future generations of Australians, with the potential of making the home ownership dream just that, a dream.

At Westpac we have a vision to help our customers, communities and people to prosper and grow. We also have a long standing commitment and greater sense of purpose to help more Australians build a better and more financially secure future - primarily through helping people into their own homes.

It's this vision and purpose that means we at Westpac are not only observers of the housing affordability issue, but we strongly believe we have a role to play in exploring, understanding and addressing it.

It's a complex issue that requires collaboration between multiple stakeholders, including Government, community and social groups, industry bodies and business. It also requires the voice of those impacted. We need to hear directly from Australians on their feelings and fears on the topic. We need to involve them in the discussion and provide the opportunity to contribute to the conversation.

To support this we partnered with Ipsos to interview over 2000 Australians exploring a range of topics related to housing affordability. Some of the topics we explored included what people felt was the role of government, how much of an issue housing affordability actually is and what approach aspiring first time home buyers are taking.

The following report explores responses to these topics and reveals a range of themes, attitudes and new trends which often differ across generational groups, location, culture and socio economic background. It creates a rich picture of how Australians feel about housing affordability and we hope contributes to the debate in a meaningful way.

The response to the housing affordability issue will need to be well thought out, multi-faceted and require true collaboration from multiple groups. As a bank committed to helping people achieve the great Australian dream, we are absolutely committed to doing this and playing a meaningful role in the housing affordability problem.

George Frazis,
Chief Executive Consumer Bank, Westpac Group

Introduction.

Housing affordability has become a national issue with implications for the Australian economy and society. The property boom has seen house prices increase 106% in Sydney, 89% in Melbourne, 16% in Brisbane, 17% in Adelaide and 38% in Canberra¹ since 2008 and according to the RBA Sydney and Melbourne are currently amongst the most expensive cities for house prices in the world, based on average dwelling prices to average household disposable income².

The issue of what *can* or *should* be done about the ongoing housing price boom now sits firmly at the centre of the social and political agenda. It attracts the attention of the highest levels of government, economists, regulatory authorities and experts from a broad range of disciplines who continue to debate the best range of possible solutions.

In response to the issue, the 2017 Federal budget included the First Home Super Savers Scheme. The scheme allows prospective first home buyers a concessional 15 per cent tax rate for up to \$30,000 in savings by depositing this amount in their superannuation account. Shortly after the Federal budget, the New South Wales government announced stamp duty exemptions for first home buyers purchasing existing properties worth up to \$650,000, while also abolishing stamp duty concessions for all investors purchasing off the plan. As part of the package, the Foreign Investor Surcharge Duty was also doubled from 4% to 8% of the purchase price. Similar measures have been announced in Victoria including cutting stamp duty on new and existing properties worth up to \$600,000 and doubling the first home owners grant for properties in regional Victoria. Additionally, the state of Victoria announced its 'HomesVic,' a pilot program that will give some Victorians the chance to co-purchase a dwelling with the government, which will offer to take an equity share of up to 25 per cent for each property – in turn reducing the deposit amount. The Queensland government also extended the \$20,000 First Home Owner's Grand by another 6 months.

But do Australians believe these measures go far enough to deal with the housing affordability issue? What role do people believe that government should play in this issue, more generally, and what else would they like to see the government do? And beyond government intervention, how are Australians feeling about housing affordability more broadly?

To explore this issue from the perspective of the Australian people, Westpac commissioned global firm Ipsos to undertake a significant research study³ with more than 2000 Australian⁴ men and women aged between 20-70 years, home owners and those hoping or intending to buy a residential property anytime in the future.

The key purpose of this research was to give Australians a voice in the discussion, and to ensure that those planning future initiatives to address the country's housing affordability problem are aware of the views and opinions of the Australian public.

The research investigates the following questions:

- What government measures do Australians believe will best make housing affordable?
- Is housing affordability really a national issue or is it more a Sydney/Melbourne phenomenon?
- What are aspiring home owners already doing and what are they prepared to do to achieve their dream of ownership?
- How much access to 'inter-generational wealth' are home owners prepared to grant their children to help them get into the market?

¹Source: CoreLogic, figures from December 2008 to February 2017, <http://blog.corelogic.com.au/2017/03/deteriorating-housing-affordability-sydney-melbourne-due-demand-supply/>

²Source: The RBA, April 2017: <http://www.rba.gov.au/publications/fsr/2017/apr/graphs/graph-1.8.html>

³For notes on methodology and sample see page 36 of this report

⁴Australian refers to Australian resident.

Summary of research findings.

Chapter 1: Keeping the dream alive.

The dream still matters.

- Six in ten Australians are still holding onto the dream of home ownership
- Despite fears of a housing crash, owning a home is still at the very heart of our sense of financial security and prosperity
- The dream may be fading fastest for Gen Y and aspiring first time buyers but at the same time their values are shifting – they're least likely to see property as the 'be all and end all' when it comes to building wealth and financial security

What do Australians believe poor housing affordability means for society?

- Australians rank housing affordability as one of the most challenging issues facing Australia today
- Many Australians are worried about what high house prices will mean for the next generation
- But where you live can influence your view – Queenslanders and regional dwellers are more likely to be optimistic about the next generation while Sydney and Melbourne residents are less likely to be so

Many Australians believe the government should intervene, but did the Federal budget and subsequent state government measures go far enough?

- Many believe there's no foreseeable end in sight for the boom and just under half worry we're heading for a crash
- Seven in ten Australians believe that government should play a role to help tackle housing affordability
- What Australians want the government to do
- What aspiring first home buyers, specifically, believe will help them the most

What are aspiring home owners willing to do to achieve their dream?

- Despite the challenges faced by aspiring first time buyers, many are focused on saving and cutting back on spending to reach their goal
- Many aspiring first time buyers expect to make further sacrifices to their lifestyle when they have a mortgage and aren't wedded to the idea of city living to achieve their dream of owning a home
- Aspiring first time buyers aren't keen on high-rise apartment living despite the boom in high density developments
- Aspiring first home buyers are willing to make more sacrifices in order to enter the property market
- The struggle to get into the property market isn't just about price – there are other concerns too
- Aspiring first home buyers fear being locked out of the housing market for good and an uncertain future

Chapter 2: 'Rentvesting' is gaining momentum as an alternative path to home ownership.

Meet the new generation of property owner, purchasing where they can afford and renting where they want to live ...young, single, mostly male and metro dwelling Australians.

- Introducing the young Australians who are leading the emergence of a new category of property owner.

Chapter 3: The clash of the generations and the surprising role of culture.

Unlucky or just generation envy?

- While empathetic to young people's housing challenges, most Australians are not convinced that young people are doing enough to buy their first home.
- There are tensions between home owners and non-home owners and Baby Boomers and Gen Y.
- Australians were divided when it comes to how much parents should help their children.
- Generation envy? Half of Gen Ys feel resentful of their parent's generation and believe that it's only fair that they share the wealth they've accumulated through the property boom.

Culture plays a role when it comes to parents giving the kids a head start.

- Asian Australians have a distinctly different view when it comes to the role of family in helping children get into the property market.

Chapter 4: Re-shaping inter-generational wealth transfer to boost home ownership.

What are Baby Boomers doing with their own inheritance?

- How do Baby Boomers really feel about the much talked-about early access to inter-generational wealth?
- Baby Boomers are using their own inheritance to pay-down debt and build savings.

How are Baby Boomers helping the next generation?

- Some Baby Boomers have already helped their kids with money to get into a home.
- There's more that Baby Boomers are prepared to do in the future to help their kids buy their first home.
- They're keeping a firm hold on the family home for now.

The Research Findings.

Chapter 1: Keeping the dream alive.

The dream still matters.

Six in ten Australians are still holding onto the dream of home ownership.

Based on the research, the dream of owning a home is still alive in Australia, despite soaring house prices. As this research reveals, many aspiring first time buyers are focused on saving and are cutting back on spending, and are willing to do much more to achieve their dream (like working longer hours). Meanwhile, young Australians are leading the emergence of a whole new category of property owner, forging an alternative pathway to home ownership known as ‘rentvesting,’ owning a home but renting elsewhere or living with family (see chapter 2 for more).

More than 6 in 10 (62%) of Australians believe that the Great Australian dream of owning your home is still alive. The findings reveal that housing affordability is more of an issue for those living in our most expensive city, Sydney. Sydneysiders (56%) are less likely than the total to believe that the Great Australian dream of owning your home is still alive. 60% in Melbourne believe the dream is still alive, 66% in Brisbane, 64% in Perth and 65% in Adelaide.

But perhaps not surprisingly, the dream is fading fastest for those who don't own a home – only 47% of aspiring first time buyers surveyed believe the dream is still alive.

Despite fading belief in the dream, the research showed that Australians' emotional attachment to owning their own homes remains incredibly strong: the majority – 86% believes that having your own home means a lot on an emotional level. Some of the attachment is driven by what owning a home symbolises: for more than half (58%) owning your own home is still considered the biggest measure of success and achievement in life, and a similar proportion (60%) believe it's important for parents so they can leave an asset to their children.

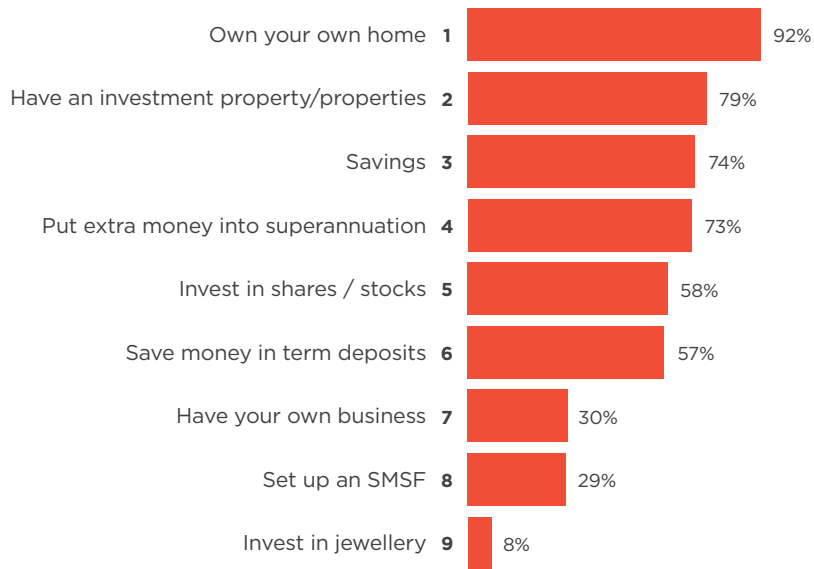
Despite fears of a housing crash, owning a home is still at the very heart of our sense of financial security and prosperity.

Perhaps the biggest factor driving Australians' deep attachment to the idea of owning their own home is the integral role they believe it plays in their financial lives. Indeed, home ownership appears to define how people feel in this area of their lives: 58% of owner occupiers surveyed feel positive about their financial future compared to just 38% of aspiring first time buyers.

When it comes to property as an investment category, the majority have faith in the stability of the market relative to the share market. Despite fears of a housing price crash (43% of those surveyed believe that a housing crash is around the corner – more on this later), 6 in 10 (60%) believe that investing in property is still a much safer and less risky option than investing in shares.

And when asked to rank the top pathways to building financial security in Australia, respondents ranked owning the roof over their own heads in the number 1 spot. This was followed by even more bricks & mortar – in the form of investment property (see chart on next page).

Best ways to build financial security in Australia. (Rank 1-5)



Base: Total sample (n=2,000), Owner Occupied (n=1,459), Owner Living Outside (n=119), First Time Buyer (n=377), Males (n=928), Females (n=1,072)

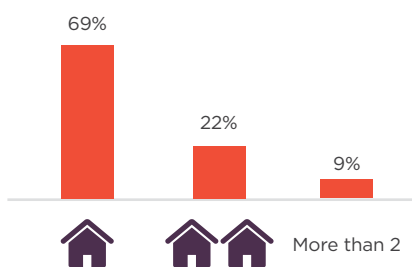
B2. In your view, which of the following are the best ways to build financial security in Australia today? (Rank Top 5)

A nation of property investors.

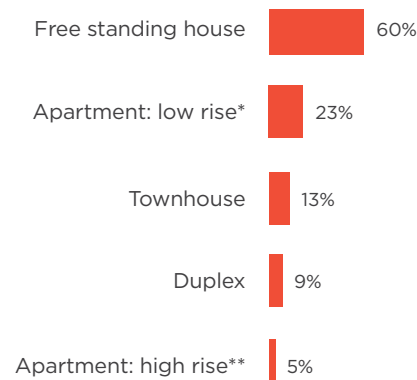
8 in 10 believe that owning investment property is the way to financial security. So just how many Australians are investing in property?

Close to 1 in 3 Australian home owners has an investment property and of those 31% own more than 1 property.

Number of investment properties owned.



Type of investment property owned.



* Low rise - up to 6 floors

** High rise - 7 floors or higher

Base: Home owners who have investment properties (n=452)

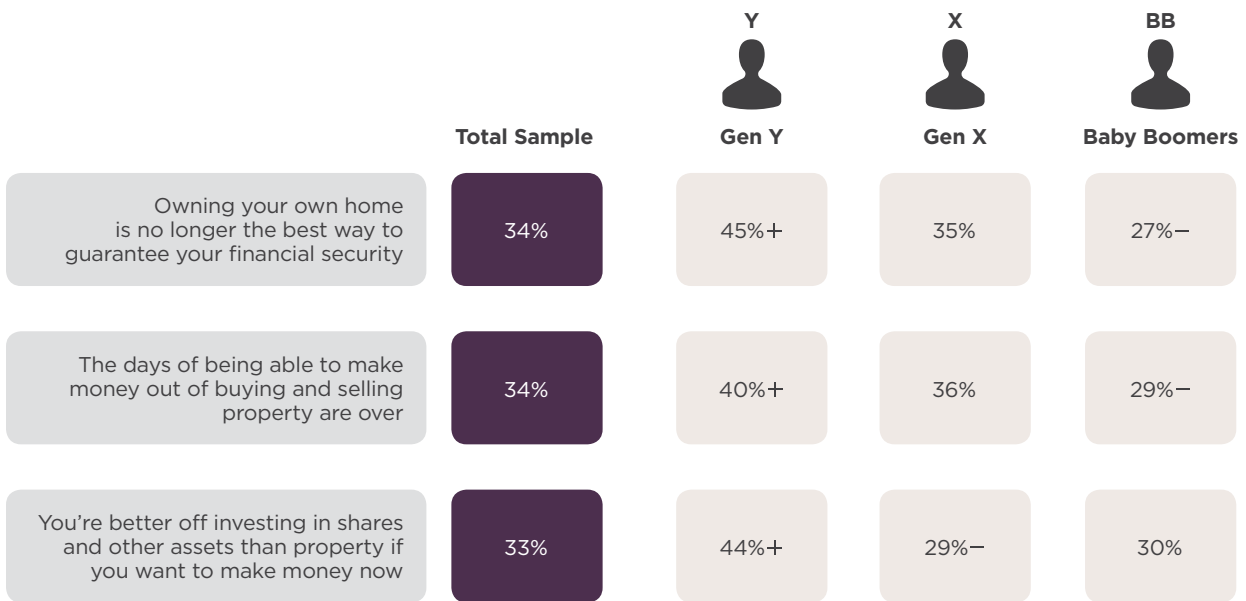
K1 (number of investment property), K2 (type of investment property), K3 (use SMSF to buy investment property)



The dream may be fading fastest for Gen Y⁵ and aspiring first time buyers, but at the same time their values are shifting – they’re least likely to see property as the ‘be all and end all’ when it comes to building wealth and financial security.

Gen Y are much more likely to believe that the days of property as a fast track to security and wealth are over (see chart below), in contrast to Baby Boomers and in some cases Gen X⁶.

Gen Y are losing faith in the value of property.
(Top 3 boxes on a 7-point agree-disagree scale)



+/- significantly higher/lower than total sample @ 95% cl
Base: Total sample (n=2,000), Gen Y (n=548), Gen X (n=643), BB (n=757)
B3. Please indicate the extent to which you agree or disagree with each of the following statements.

What do Australians believe poor housing affordability means for society?

Australians rank housing affordability as one of the most challenging issues facing Australia today.

The research reveals that most Australians see housing affordability as an acute issue - for themselves (especially if they don’t own a home yet), for the economy, for society and for the future prospects of young people.

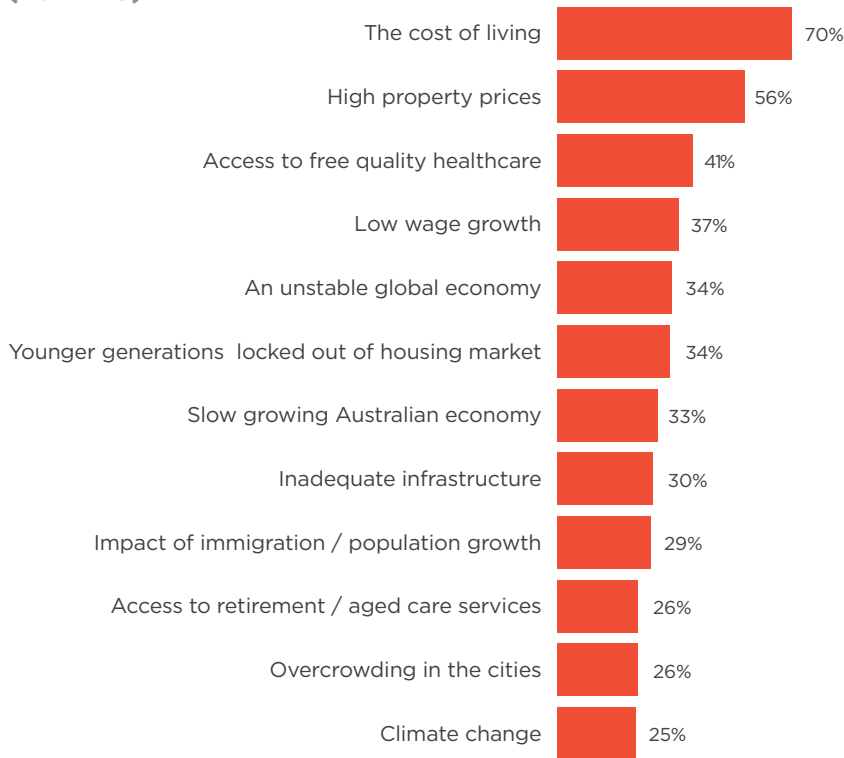
Respondents ranked high house prices as the second most challenging issue faced by Australians today, just behind cost of living but ahead of access to free healthcare, low wage

growth and an unstable global economy (see chart over page).

Not surprisingly aspiring first time buyers surveyed were more likely to be worried about the cost of living (76%), high house prices (66%), younger generations being locked out of the housing market (44%) and low wage growth (46% compared to 37% of the total group surveyed).

⁵Generation Y: 20-34 years of age
⁶Generation X: 35-49 years of age

High property prices ranked as the second most pressing issue facing Australia today. (Rank 1-5)



Base: Total sample (n=2,000)

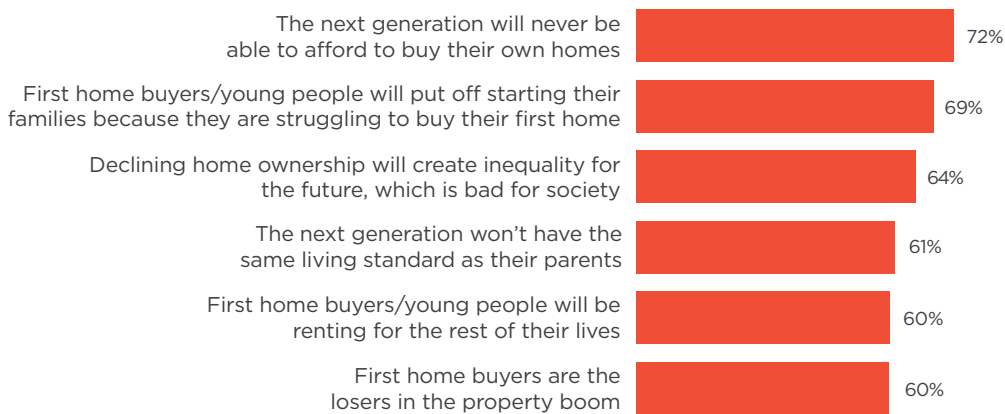
B1. Listed below are some of the challenges Australians face now and in the future. Which of these do you see as the main challenges? Rank the top 5.

Many Australians are worried about what high house prices will mean for the next generation.

There's a great deal of concern about the impact of high house prices on the next generation, including their ability to get into the housing market at all, and what this will mean for society in general. The majority are concerned that the next generation will be life-long renters and that declining home ownership could present challenging social consequences, like people delaying starting their families and social inequality (see chart over page).

Interestingly however, aspiring first time buyers are much less likely to hold a pessimistic view of the future when it comes to the impact on families specifically - only 49% of this group believe that their peers will delay starting their families because they are struggling to buy a home (compared to 69% of the total sample).

The high cost of high house prices on the next generation. (Top 3 boxes on a 7-point agree-disagree scale)



Base: Total sample (n=2,000)
B3/B6. Please indicate the extent to which you agree or disagree with each of the following statements.

But where you live can influence your view – Queenslanders and regional dwellers are more likely to be optimistic about the next generation while Sydney and Melbourne residents are less likely to be so.

Among all states, Queenslanders are less likely to believe that the next generation will be lifelong renters (55% compared to 60% of the total). They're also less likely to see today's aspiring first time buyers as the losers in the property boom (53% compared to 60%

of the total), along with Australians who live in regional areas (54% compared to 60%). Conversely, home owners living in Sydney are more likely to feel empathy for today's first time buyers – 66% believe today's first home buyers are the losers in the property boom.

Associate Professor Ben Phillips at the Australian National University Centre for Social Research and Methods.

Long term renting in Australia.

Long term renting isn't uncommon in other developed countries – in Germany only 52% of the population are owner occupiers, in Austria it's 55% and even less in Switzerland, 44%⁷- so are Australians' concerns about the impact of life-long renting warranted?

A lack of long-term rental tenure sets Australia apart.

"Renting is not necessarily a bad thing. Many people do this out of choice or it is the best option for their given life situation," explains Associate Professor Ben Phillips at the Australian National University Centre for Social Research and Methods.

Long term renting in other countries works because of policies that are set up to support long term tenure, giving tenants a sense of security beyond the short term. "It is hard to compare countries in this regard though Australia lacks security of tenure around long term renting, many other developed countries do better on this than we do. Without such security it remains important that Australians aspire for home ownership and that aspiration is also realistic."

Of all the potential impacts of life-long renting, the quality of life during retirement could be influenced the most.

"Not achieving home ownership will mean for some that retirement will be less comfortable than it otherwise would be," explains Phillips. "Finding affordable rents for older people on low incomes is particularly difficult where share arrangements are less likely to be realistic or desired."

Life-long superannuation may not offset a lack of wealth accumulation via property for those who never purchase a home.

"It all depends on your income. For people with consistently high incomes, their super balances will be significant," explains Phillips.

"But for those on lesser incomes, a likely outcome for these people who never achieve ownership is that their super balances may not be significant, even by retirement. This will be particularly the case for people in low paid jobs and women who spend many years in part-time work."

Most Australians believe the government should intervene, but did the Federal budget and subsequent state government measures go far enough?

Many believe there's no foreseeable end in sight for the boom and just under half worry we're heading for a crash.

Despite much talk of an impending 'market correction' the majority (71%) of Australians believe that house prices will keep on rising over the next 12 months (higher amongst those living in Melbourne, 81%, while much lower amongst West Australians, 50%).

But who wins from high prices and who loses?

Amongst home owners surveyed, 1 in 2 (50%) believe that high house prices are a good thing for them personally (higher for those living in NSW, 55%, and metro areas nationally, 54%, and conversely lower for those living in regional areas, 42%). Amongst all, when asked if high prices were good for the economy only 1 in 5 (20%) agreed.

⁷Eurostat: http://appsso.eurostat.ec.europa.eu/nui/show.do?waj=true&dataset=ilc_lvho02

Interestingly, your income and location influences what you think about the impact of high house prices on the economy. Those living in Sydney are more likely to agree (26%) it is a good thing, as well as those on household incomes of \$150,000 or more (27%) compared to 20% of the total.

So where does a boom without a foreseeable end take us in the future? According to the research findings almost 43% of Australians worry that a housing price crash will occur soon (higher amongst Asian Australians, 51% and Gen Y, 50%).

Seven in ten Australians believe the government should play a role to help tackle housing affordability.

According to the research findings, the momentum for government to play a role has reached a tipping point; 71% of Australians believe that the government needs to intervene to tackle the housing affordability problem.

Interestingly, the generational divide between Gen Y and Baby Boomers (and likewise between current home owners and aspiring owners) is evident in this study, with these

cohorts sitting on opposite sides of the total group. While it's still a majority, Baby Boomers (66%) are less likely to believe in government intervention, while Gen Y (76%) and aspiring first time buyers (79%) are much more likely to believe it's time for action. Where you live also has an influence: those in NSW (77%) and specifically Sydney (78%) are more likely to agree that government intervention is required.

What Australians want the government to do.

While investors (foreign and local, as above) were cited as the top factors driving up high property prices, winding back negative gearing comes in at number 6 of possible government interventions Australians would like to see.

Sitting ahead in first place was a call for the suspension of stamp duty for first home buyers but perhaps less predictable were the measures in positions 2 and 3: increase infrastructure spending on outer fringes and build affordable housing on government land, which suggests that Australians see the outer fringes as a key solution - if the infrastructure is there.

What Australians want the government to do to fix housing affordability.



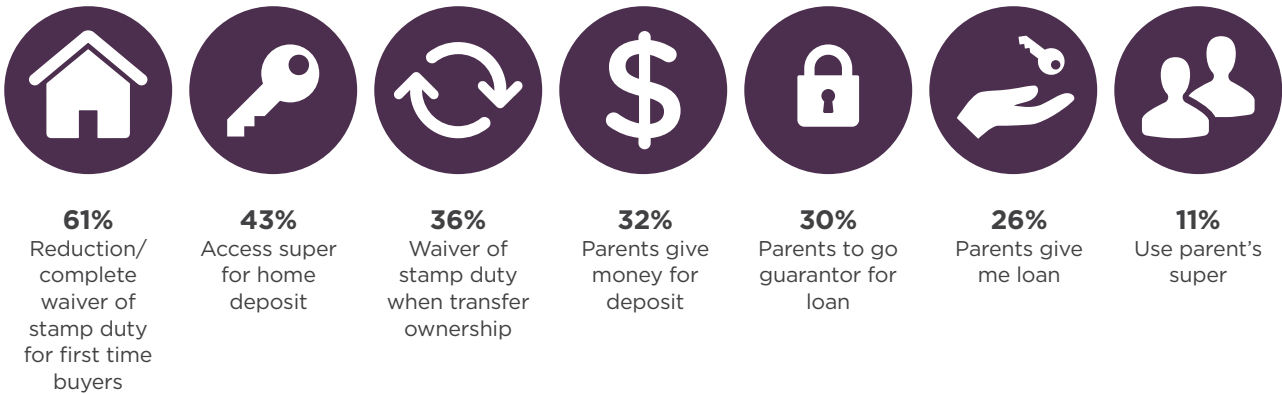
Base: Total sample (n=2,000)
 B7. What role if any, should the government play, to help make housing affordable? (Rank top 5)

What aspiring first time buyers, specifically, believe will help them the most.

When we asked aspiring first time buyers to consider what would help them the most to buy a house, government measures dominated the list, followed by help from parents. The majority of first time buyers cited a waiver or reduction of stamp duty on first home purchases, followed closely by access to their

superannuation and a waiver of stamp duty when transferring ownership of a property (which would remove any potential penalty for those considering co-buying with a parent, sibling or friend if one shareholder was to buy the other out after the purchase).

What do aspiring first time buyers think will help them the most to buy their first home?



Rank 1-3 Base: First time buyers, n=377

F2b. Which of these do you think would help first home buyers get into the property market? Rank 3

Matthew Hassan, Senior Economist, Westpac.

The economics of housing affordability.

The long and complex road to the housing affordability crisis - how did we get here?

The current housing affordability crisis has been developing for well over a decade and is not the result of any single factor, according to Westpac senior economist Matthew Hassan. "We didn't get here overnight. We've had a recurring affordability problem in Australia over the last 15 years to varying degrees, and at varying times across different states," explains Hassan.

"The longer term story behind the situation is complicated with multiple factors at work. The initial impetus came from financial deregulation and the move to low inflation and low interest rates in the 1990s.

The combined effect meant people could access finance more easily and afford to service much larger mortgages."

"Alongside that we've seen a large and sustained rise in investor activity. While some of this relates to Australia's tax system and key changes that occurred to capital gains tax treatments in the early 2000s it also reflects Australia's aging population and increasing number of people in older age groups seeking to invest in property as a way to fund their retirement."

The role of demographic and social change.

"A more general rise in population growth has been another key driver since over the last decade, particularly in Sydney

and much of the eastern seaboard where new dwelling construction failed to keep up with the associated surge in housing demand. The resulting shortfall has been a factor supporting prices to some degree.”

“And there are other social factors in the mix that tend to fly under the radar when we talk about housing affordability. One of these is the rise of the dual income household. Whereas 30 years ago most households would have had a single income earner, today it is much more common to have 1.5 or even two full time earners. Clearly this group can afford to service a larger debt and therefore purchase more expensive homes although there is a ‘chicken and egg’ problem here in that we are now in a situation where 1.5 or two incomes has essentially become a pre-requisite to being able to purchase a median priced home in Australia’s main capital cities.”

The search for solutions - where to from here?

The road here has been long and complex and the road out will likely be the same, according to Hassan. “Unfortunately, housing affordability isn’t amenable to quick fix solutions. As the RBA has noted, no government anywhere has been able to engineer a rapid improvement in housing affordability – there are very few examples internationally of house price declines that have not been in response to a major economic shock, i.e. a recession and/or high unemployment. To engineer a large and sustained fall in prices would also clearly raise significant risks for existing owners, mortgage holders and the wider financial system. As such, improving the situation is likely to be a very gradual process involving multiple policies.”

“Importantly, we should be wary of ‘demand side’ measures that are difficult to scale up and can be self-defeating. Policies such as first home buyer grants, stamp duty concessions and arrangements that allow purchasers to use superannuation funds may sound beneficial at an individual level but are likely to end up ineffective, the resulting boost to purchasing power tending to just lift prices even further. ‘Supply side’ measures are likely to have longer lasting benefits. Increasing the number of new dwellings, taking measures to lower the cost of building and improve public infrastructure (improving the amenity of existing dwellings) are good examples.”

A resilient economy.

Hassan does not foresee a housing price crash despite widespread consumer concerns. “We don’t expect a crash. Rather, we expect price growth slowing over the next year,” he explains. “It’s possible that we could see a moderate market correction but it’s important to remember that the Australian economy has demonstrated strong resilience in the face of similar events. The Sydney property market particularly has experienced three periods of price correction since the early 2000s without any significant impact to the economy on a macro level.

Hassan also believes that it could be time for a cultural shift around our dependence on property when it comes to building wealth. “Owning a home isn’t the only road to security, there other mechanisms for generating financial returns and long term financial security.”

What are aspiring home owners willing to do to achieve their dream?

Despite the challenges faced by aspiring first time buyers, many are focused on saving and cutting back on spending to reach their goal.

While being able to save for a deposit was cited as a key concern for 53% of aspiring first time buyers, high house prices have not stopped them from trying to increase their savings to realise their dream. The First Home Super Savers Scheme announced as part of the 2017 Federal budget is likely to be welcomed by aspiring first time buyers who, according to the research, are focused on saving. More than half (56%) of those hoping to buy their first home are currently saving for a deposit and 42% of this group expect to achieve their savings goal in the short-medium term - anticipating that it will take between 3-5 years to get there (see chart below). The average savings target is just over \$60,000. A small proportion (5%) has already saved their deposit.

Many aspiring first time buyers are also cutting back on their spending in order to boost their savings - more than 6 in 10 (62%) aspiring first time buyers say they have already made significant sacrifices to their lifestyle to save for a house deposit, like eating out less and taking fewer trips overseas.

Additionally, almost 1 in 5 (17%) have already taken up more than one job in an effort to save for a house and 1 in 10 (11%) have already moved back in with their parents to save for a deposit.

More than half of aspiring first time buyers are saving for a home.



E3. Are you currently saving for a house deposit? Base: First time buyers (n=377)

E4. Approximately how much is being put aside for a house deposit? Base: First time buyers saving for deposit (n=230)

E5. How long do you think it will take you to save this money? Base: First time buyers saving for house deposit & has a saving target (n=187)

Many aspiring first time buyers expect to make further sacrifices to their lifestyle when they have a mortgage and aren't wedded to the idea of city living to achieve their dream of owning a home.

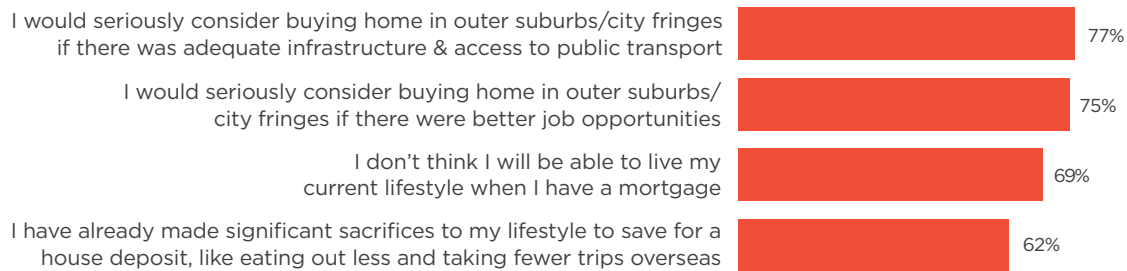
As shown in the chart below, around 7 in 10 do not expect to maintain their current lifestyle when they finally take out a mortgage. The research also reveals that the idea that young people only want to buy in the city (or close to it) could be something of a myth. The findings paint a very different picture. It's not the distance that bothers aspiring first time buyers, it seems, but rather the 'liveability' of the outer suburbs. If the infrastructure (including public

transport) and jobs were there, a majority of aspiring first time buyers would seriously consider buying their first home in the outer suburbs or city fringes (see chart below).

And nor are Australians from Asia.

Asian Australians are also more likely to believe that aspiring first time buyers should move to the outer suburbs to be able to afford a house (80% compared to 73% of the total) or to a cheaper state or region to be able to afford a house (65% compared to 52% of the total).

Aspiring first home buyers are willing to move to the outer suburbs to make the dream of homeownership happen. (T3B out of 7)



Base: First home buyers (n=377)
B3, B6

Aspiring first time buyers aren't keen on high-rise apartment living despite the boom in high density developments.

High rises might be sprouting up everywhere in our capital cities but aspiring first time buyers surveyed are not looking to make an apartment in a towering development their first home as an owner occupier. Almost 7 in 10 (68%) say that they don't want their first home to be in a high-rise, high-density apartment development. But it's not only aspiring first time buyers who aren't keen on high-density living - 6 in 10 of the total sample (59%) believe there's not enough of the housing developments people really want to live in such as freestanding houses (higher amongst those living in Sydney, 65%).

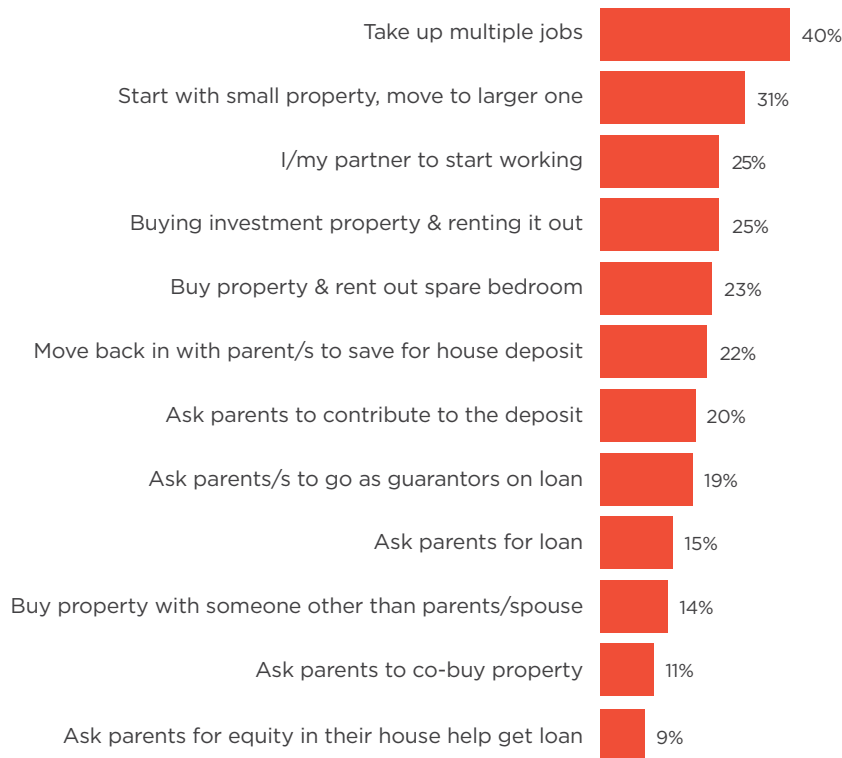
Aspiring First home buyers are willing to make more sacrifices in order to enter the property market.

When asked what they were willing to do, this group demonstrated a willingness to work hard, with taking up multiple jobs in the top spot. This commitment to work reflects a well-established work culture, which sees Australia ranked ninth⁸ among OECD nations for its share of long-hours workers - defined as employees reporting that they usually work more than 50 hours each week.

Additionally, around 1 in 4 are willing to buy an investment property and rent it out and live elsewhere just to get into the market.

Several of the other measures involved their parents in some way: moving back home to save for a deposit or asking parents for help with money or to go guarantor on a loan (see chapter 3).

What are aspiring first home buyers willing to do to get into the property market?



Base: First time buyers (n=377)
F2a. Which of these would you seriously consider doing to get into the property market?

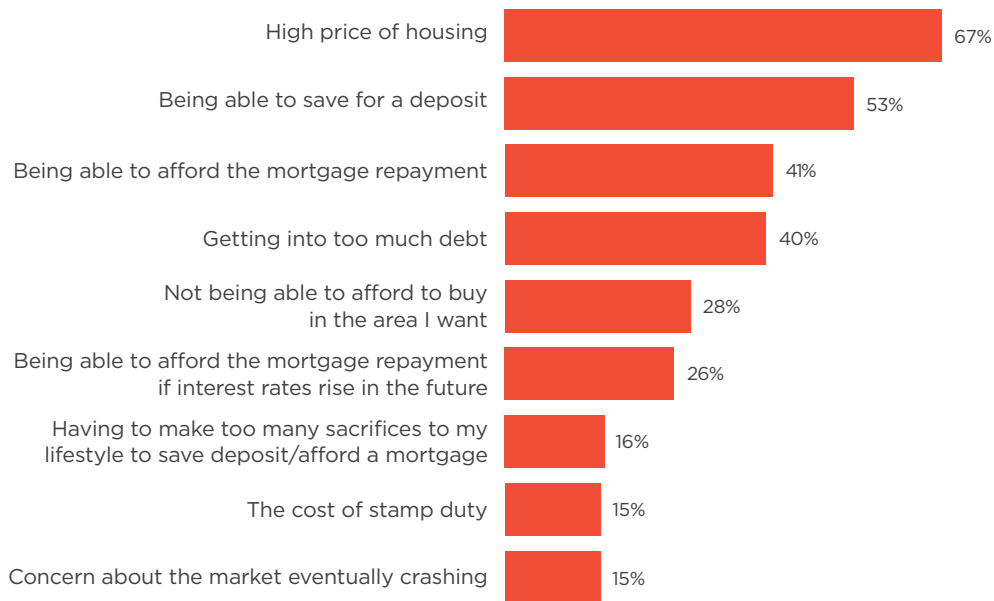
⁸OECD <http://stats.oecd.org/>

The struggle to get into the property market isn't just about price – there are other concerns too.

While price and ability to save a deposit top the list of barriers stopping aspiring first home buyers getting into the market, these are not the only obstacles and concerns getting in the way. Being able to afford mortgage

repayments now and when interest rates rise is also weighing on their minds, as well a sense of unease about getting into too much debt.

What's stopping aspiring first home buyers getting into the property market? (Rank 1-3)



Base: First time buyers (n=377)

B4. Listed below are some of the things people have said about the housing situation in Australia.

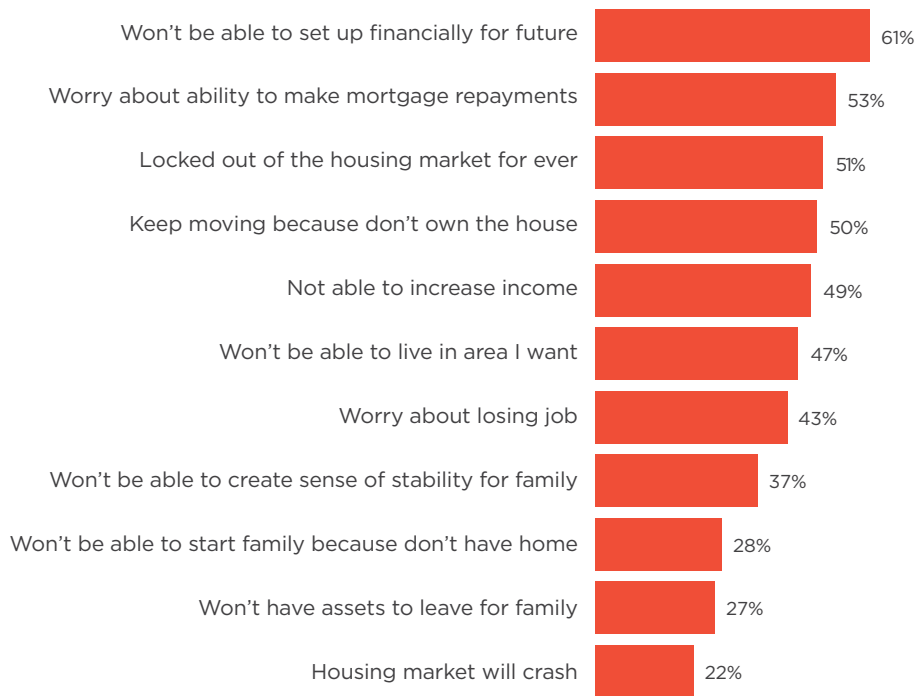
Which of these do you see to be the main issues? Rank the top 5.

Aspiring first home buyers fear being locked out of the housing market for good and an uncertain future.

When asked to consider their concerns over the next five years, aspiring first time buyers worried about being locked out of the property

market forever and fear a future marked by a lack of security and stability without a home of their own.

Aspiring first home buyers: fears for the future. (Rank 1-5)



Base: First time buyers (n=377)

B9. What are your main concerns over the next 1-5 years in the area of housing and property? Rank 5.

Chapter 2:
'Rentvesting' is
gaining momentum
as an alternative path
to home ownership.

Meet the new generation of property owner, purchasing where they can afford and renting where they want to live...young, single, mostly male and metro dwelling Australians.

Introducing the young Australians who are leading the emergence of a new category of property owner.

They currently only represent about 8% of home owners but this category of property owner that doesn't live in their home (and either rents elsewhere or lives with family) has emerged as a distinct group - in terms of demographic profile and attitudes.

They are more likely to be male (65%), Gen Y (who make 61%, followed by Gen X who comprise 31% of all owner occupiers), living in metro areas (81% live in metro areas compared to 63% of all owner occupiers) and more likely than owner-occupiers to have a high income (i.e. more than \$150,000).

They are also more likely to be single (41% compared to 13% of all owner occupiers), more likely to have an under graduate/post graduate degree (66% compared to 42% of all owner occupiers).

Not surprisingly, how this group thinks about property and housing affordability also sets them apart from everyone else. They are to some extent less likely to be emotionally attached to the idea (74% of this group believe that owning your own home means a lot on an emotional level compared to 86% of the total group surveyed).

They're much less likely to see property as the 'be all and end all' in a financial sense, and more as just one element in the investment mix. They are much more likely to agree that owning your own home is no longer the best way to guarantee financial security (52% compared to only 34% of the total group surveyed) and to believe that you are better off investing in shares and other assets if you want to make money now (51% compared to 33% of the total group surveyed).

Interestingly they're also more pessimistic about the prospects of their peers who haven't been able to get into the market: 71% (compared to 60% of the total group surveyed) believe that the next generation will be life-long renters.

The majority of this group owns a freestanding house (61%), while 25% own apartments and 19% own a townhouse or duplex. Despite their relative lack of attachment to the idea of home ownership (compared to the total), the majority of this group (77%) are looking to buy a house or apartment to live in as their next property, indicating that owning the roof over their head (eventually) is still the aspiration.

This group is growing and is likely to grow further.

This group was most likely to have purchased their property in the last two years (28% bought in the last two years compared to 14% of the total group surveyed). This period of time aligns with the sharp rise in property prices, suggesting that as prices have risen, this group has started to look to cheaper areas to get a foothold in the market while choosing to live elsewhere.

The research also reveals this cohort is tipped to grow, with many Australians showing a strong openness to this alternative path to home ownership - 4 in 10 (41%) of the total sample believe that it's better to buy an investment property in a cheaper area and rent a house in an area you really want to live in. Asian Australians (58%) are even more likely to be open to this option, as are those who live in Sydney (47%) and those on household incomes of \$150,000+ (50%).

Whatever it takes to get into the market: investing and living at home

A never ending boom.

In 2014 Marty⁹, then 25, was watching property prices sky rocket with dismay. “I thought ‘I have to do something.’ If I don’t, I’ll have no hope of getting into the market. I was living at home but buying a house wasn’t an option I could afford - a house in the area I grew up in is now \$1.5-\$2 million - so I felt that buying an investment property in a cheaper area was the only realistic choice I had.”

Becoming an investor.

Marty ended up buying the investment property with his brother, who was also living at home. “We bought an apartment in western Sydney. We wanted it to be attractive to renters, so we looked for apartments that were close to schools, transport and shops,” he says.

Three years on Marty, now 27, and his brother (who both still live at home) are happy with their decision. “The rent covers the mortgage. We’re only paying a very small amount each month towards it, which means I can keep saving,” he says. “I’m glad we got in when we did. It’s already gone up in value. It was a financial decision for us. You look at the current market and investing in property is where you’ll get the highest return.”

Short term versus long term investment.

Marty and his brother aren’t sure whether they’ll hold onto the property long term or will look at selling in around five years to build up some capital to buy homes to live in. “It’s important that we don’t lose money if we sell in the short term, so we’ll see how the market goes,” he says.

Even with an investment under his belt, Marty isn’t confident about being able to buy a house in the area he grew up in, in the future. “It’s not like we’re really ahead or anything. If anything this property means that we are just surviving. I think for my generation, the dream of having a nice house in a nice area is gone unless you get a big inheritance. You either pay a million dollars for a rundown house in a not so nice area or you live in an apartment.”

Owning the roof over your head - eventually!

“Being able to own the home I live in is really important to me. You want to be able to make it yours, to build your memories there. But living in an apartment long term isn’t something I want,” he says. “I’d rather buy a block of land in the outer suburbs and build a house. I’d like to have a family one day and I’d like my kids to have a backyard, to be able to ride a bike around like I did.”

⁹Name changed to protect the privacy of research participants

The background is a solid red color with several large, overlapping, semi-transparent shapes in various shades of red and white. These shapes create a dynamic, layered effect, with some appearing as if they are peeling away or overlapping each other. The overall aesthetic is modern and graphic.

Chapter 3: The clash of generations and the surprising role of culture.

Unlucky or generation envy?

While empathetic to young people’s housing challenges, most Australians are not convinced that young people are doing enough to buy their first home.

Amid the concern and empathy for young people, the research also reveals that the majority of people surveyed do not believe that young people are willing to make the necessary sacrifices to their lifestyle to get into their first home, or that they prioritise saving for a home (see chart below).

There are tensions between home owners and non-home owners and Baby Boomers and Gen Y.

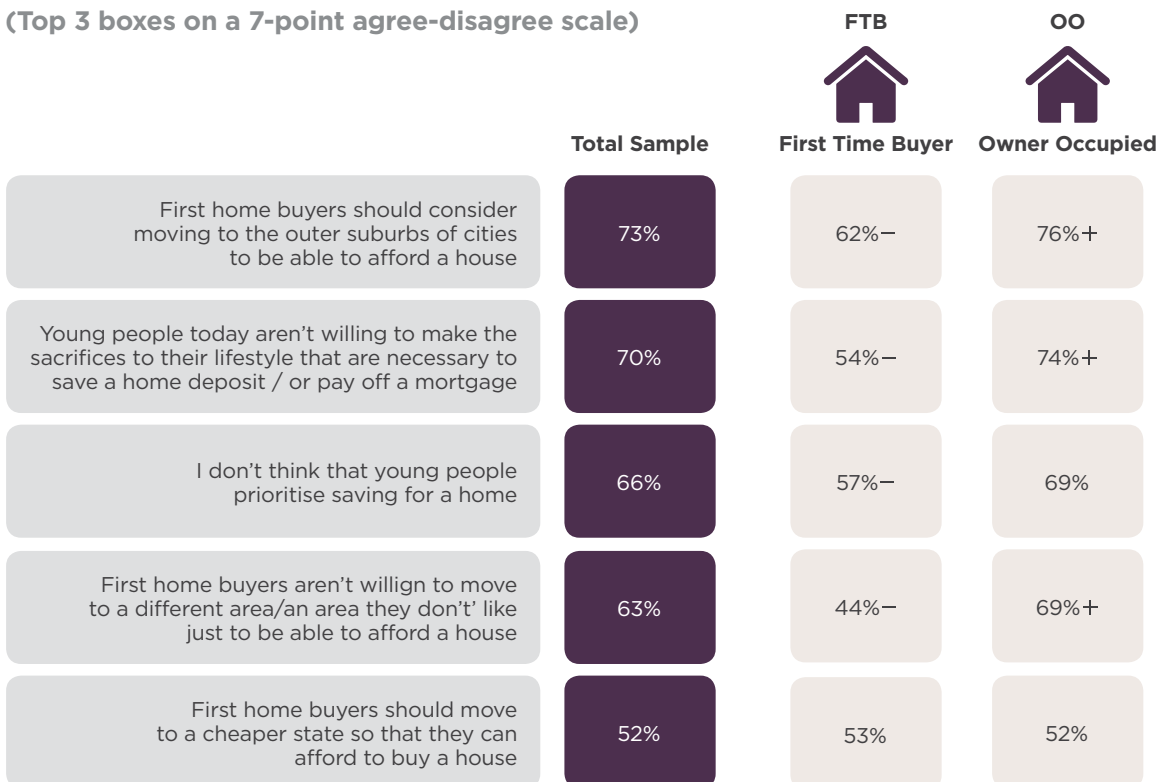
Perhaps not surprisingly, there’s significant polarisation between those who already own a home and those who don’t when it comes to this sentiment: 74% of owner occupiers

surveyed (and 76% of home owners living in Melbourne) believe that young people aren’t willing to make enough sacrifices to purchase a home, compared to just 54% of aspiring first time buyers. Aspiring first time buyers are also much less likely to believe that young people don’t prioritise saving for a home - 57% compared to 66% of the total group surveyed.

Tension is also apparent when it comes to where people think that hopeful first time buyers are willing to live to be able to afford to buy - 69% of owner occupiers surveyed believe that first home buyers are being too choosy compared to only 44% of aspiring first time buyers themselves (see chart below). And when we look at this sentiment by generation the same pattern emerges: 70% of Baby Boomers compared to 55% of Gen Ys.

Most aren’t convinced that young people are doing enough to make home ownership happen and aren’t willing to buy where they can afford.

(Top 3 boxes on a 7-point agree-disagree scale)



+/- significantly higher/lower than total sample @ 95% cl
 Base: Total sample (n=2,000), First time buyers (n=377), Owner occupied (1,459)
 B3/B6. Please indicate the extent to which you agree or disagree with each of the following statements.

Australians were divided when it comes to how much parents should help their children.

The role of parents has become a hot topic around housing affordability and research shows that parents' willingness to help their children with money is having a real impact: a report by RMIT and Curtin University¹⁰ found that 25-45 year-olds who received a cash gift from parents had home ownership rates 15 percentage points higher than their peers.

Despite the fact that a majority of the total group surveyed (73%) believe that the next generation will need to rely on support from their parents to be able to buy a house (much higher for Sydneysiders: 82%), there's a sharp division between those who think parents should help and those who don't. Nearly half (47%) believe it's only fair that parents should help their children with money if they have it, while a similar proportion (54%) believe that there is pressure on today's parents to do so (see chart over page).

Where you live has an influence too: those in regional Australia are less likely to believe that parents should play a role - only 38% believe it's fair for parents to help their children with money to buy a house compared to 51% of those who live in metro areas.

Generation envy? Half of Gen Ys feel resentful of their parent's generation and believe that it's only fair that they share the wealth they've accumulated through the property boom.

More striking polarisation between the generations emerged: 44% of Baby Boomers believe parents feel pressured to help their kids with money compared to 63% of Gen Ys.

Meanwhile, some younger Australians are looking at their parents' assets with envy: around half of Gen Y (54%) admits to sometimes feeling resentful of their parents'

generation for being able to easily accumulate wealth through the property boom. And some believe that home owners should share their good fortune - about half (48%) believe it's only fair that their parents share the wealth they've accumulated through the property booms with their children (see chart over page).

Interestingly, many home owners themselves in our most expensive cities Sydney (43%) and Melbourne (40%) believe that accumulating wealth has been easy for their generation because of the property boom (compared to 30% of the total).

Sydney and Melbourne residents are more likely to believe that parents should lend a helping hand - and more likely to feel the pressure too.

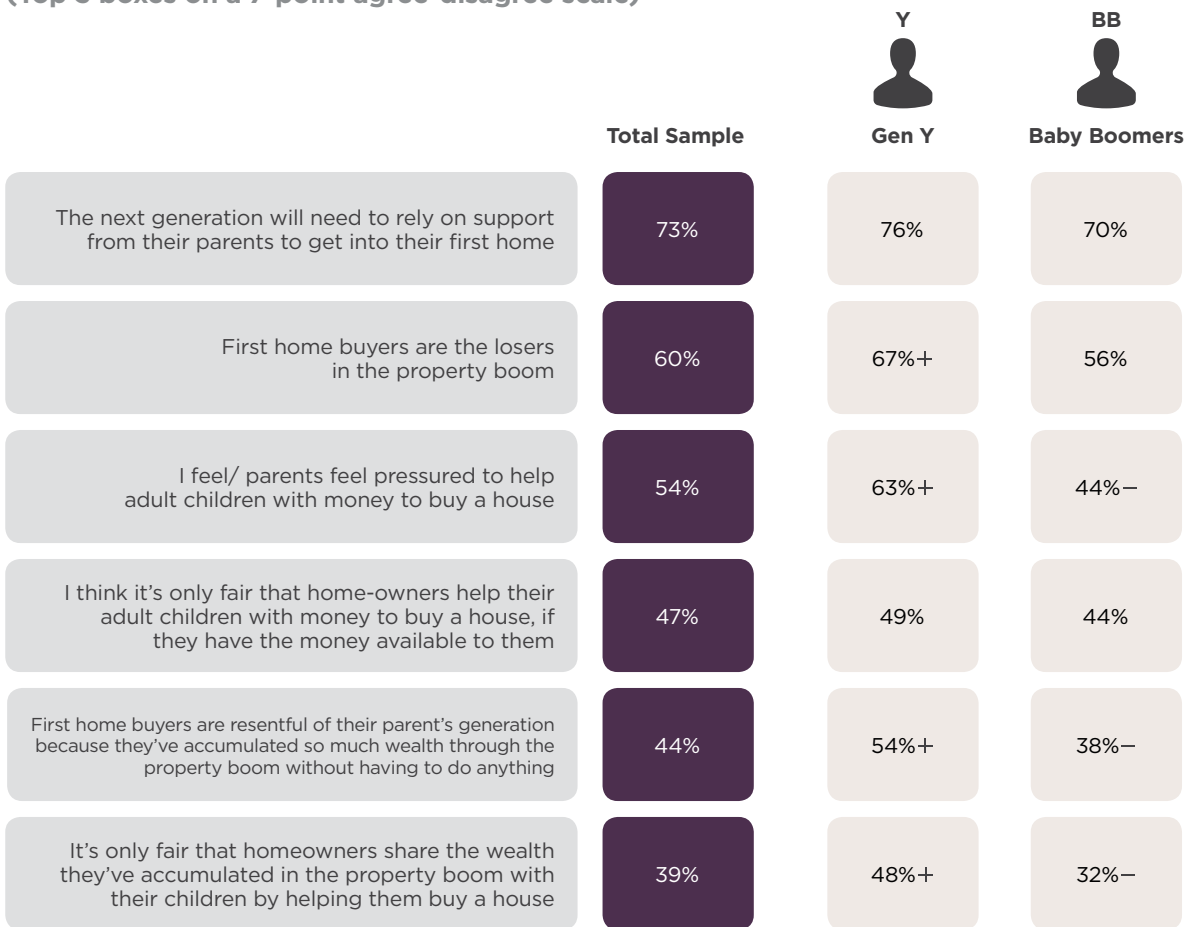
In the total sample, those who live in Sydney (45%) and Melbourne (47%) and those with an annual household incomes of over \$150,000 (49%) were more likely to agree that wealth should be shared (compared to 39% of the total) and Sydneysiders specifically are more likely to agree that it's only fair that home owners help their children with money to buy a house if they have the money available to them (53% compared to 47% of the total group surveyed).

Sydneysiders (67%) are also much more likely to believe that parents feel pressured to help their adult children with money to buy a house, compared to 54% of the total group surveyed.

This pressure may be attributed to the fact that those who live in Sydney and Melbourne are more likely to be concerned about their own children's prospects: 56% of both Sydney and Melbourne home owners worry that their children will never be able to afford a home, compared to 52% of the total group surveyed.

¹⁰Source: A new look at the channels from housing to employment, March 2017; RMIT and Curtin University for the Australian Housing and Urban Research Institute.

Should parents help their children get into the property market? Australians are divided.
(Top 3 boxes on a 7-point agree-disagree scale)



+/- significantly higher/lower than total sample @ 95% ci
Base: Total sample (n=2,000), Gen Y (n=548), Baby Boomers (n=757)
B3. Please indicate the extent to which you agree or disagree with each of the following statements.

Culture plays a role when it comes to parents giving the kids a head start.

Asian Australians¹¹ have a distinctly different view when it comes to the role of family in helping children get into the property market.

Asian Australians have emerged as having a distinct view of the role of parents on this issue, compared to the total sample and also to the general new to country population¹². As shown in the chart over page, Asian Australians were much more likely (60%) to believe it's only fair home owners share the wealth they've accumulated in the property boom with their kids (compared to 39% of the total).

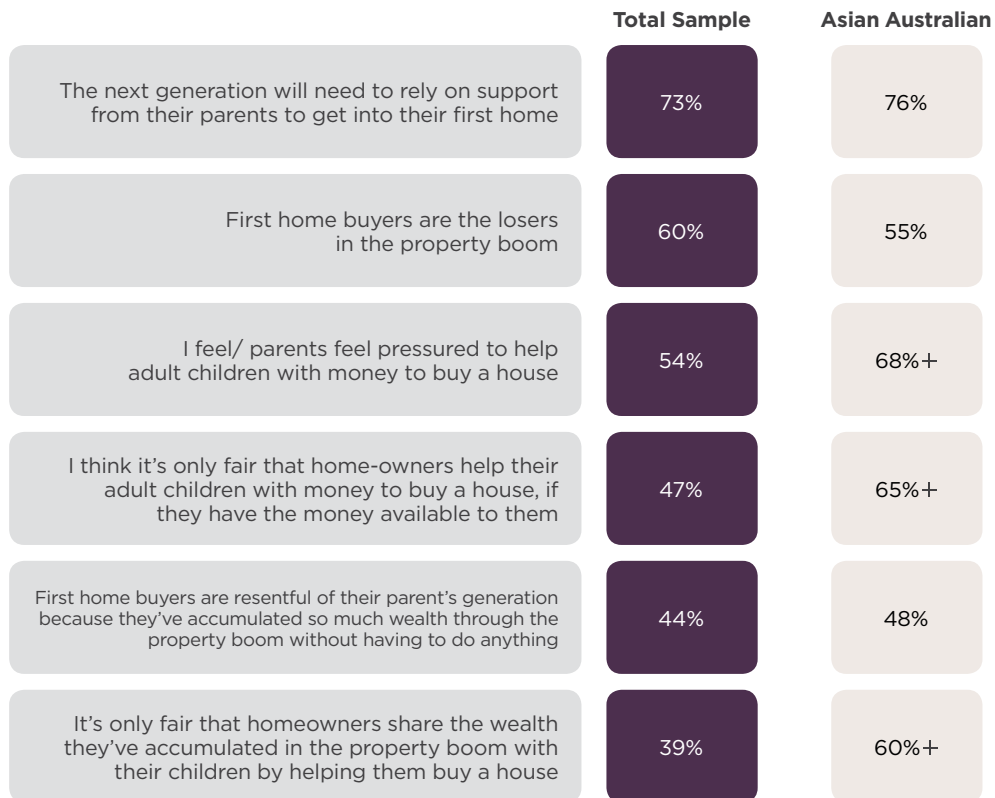
They are also much more likely to believe that parents feel pressured to help their children (68% compared to 54%) and to believe it's only fair home owners help their children with money (65% compared to 47% of the total).

Home ownership as a family asset is also more likely to be important to this cultural group: 68% believe that owning a home is important for parents so they can leave an asset to their children (compared to 60% of the total).

Those living in Sydney (68%), Melbourne (67%) and on household incomes of \$150,000+ (68%) are also more likely to believe this.

¹¹Asian Australians are defined as Australians who were born in Central and South East Asian countries including the Indian subcontinent
¹²The general new to country population is defined as all those not born in Australia

Australians from Asia are more likely to believe that parents should help their children buy a home. (Top 3 boxes on a 7-point agree-disagree scale)



+/- significantly higher/lower than total sample @ 95% ci
 Base: Total sample (n=2,000), Asian Australian (n=189)B3. Please indicate the extent to which you agree or disagree with each of the following statements.

All in the family: a story of the role of parents in Chinese culture.

Buying a home was a huge milestone on the migration journey for Lynn¹³, who moved to Australia from China with her husband in the mid-2000s. "Owning a home here was important to us. If you don't own a home, you don't really feel like you are part of Australia," she says. "In China, owning a house is very important. There's an old saying we have, 'once you have a house of your own, you can call it a home.'"

Lynne was intent on saving a 20% deposit but struggled. "When we first came here it was already expensive. It was very hard for us to save for a deposit. We spent most of our salary on rent and just living," she says.

Six years after arriving, Lynn and her husband purchased their first home with the help of their parents. "We relied on our parents for the full deposit. In Chinese culture it's very normal for parents to help their children to buy their first home," Lynne explains. "Chinese families are very close. And in China, because of the one-child policy, it's possible for parents to be able to help their children with money."

"Parents should help their kids," says Lynn's mother-in-law, Ang, who moved to Australia with her husband when they retired. "Parents should provide financial support to children if they need it. Parents' love, for us, is giving to our kids without

¹³Name has been changed to ensure the privacy of research participants.

any thought of return. My son is the only child in my family and I would give him all of my savings if he needed it," says Ang.

The practice of giving financial support to children to help them buy a home is relatively new in China but already firmly entrenched. "It's not a long-standing tradition; it's happened since the 1990s when China changed from a planned economy (where you're allotted a unit from your employer) to a market economy," Ang explains. "Now in big cities like Beijing or Shanghai, the houses are far too expensive,

so without parents' help the children will never be able to buy their first home."

Ang and her husband moved in with their son and daughter-in-law Lynne when they moved to Australia. "We look after each other," Lynne says. "They help me look after my children and we look after them. It's typical that parents will live with their children when they retire. In our culture it's expected that you will look after your parents when they get older, as they looked after you when you were young."

Expert interview- Dr Diana Olsberg, Professor of Sociology and International Studies at the University of NSW.

The meaning of home.

Australians weren't always a nation of home owners.

Up until the second World War most Australians were renters, explains Dr Diana Olsberg, Professor of Sociology and International Studies at the University of NSW. "It was only in the second half of the 20th century that the Australian dream of home ownership came into being."

"A combination of government policies that were unique to Australia, demographic change and migration fuelled a sharp rise in home ownership. Low interest loans offered to returned service men made borrowing accessible, while the baby boom meant there were many young families looking for long term housing. Additionally, there was the influence of migration, with huge growth in ethnic communities where home ownership was highly prized. All of these factors together contributed to the birth of the concept of the Australian dream."

Home ownership is at the centre of Australian egalitarian society and a symbol of personal freedom and autonomy.

"Family wealth has long been held in the home but owning a home has become more than that, embedded deeply on a cultural level," explains Olsberg.

"In Australia it's very much at the basis of our egalitarian society – something we see as a right, that we should all have access to."

"Owning a home in this country is also a means of self-determination and personal autonomy. It's very much tied up in a sense of having control over your life, and being free to live how you choose."

Owning a home has become a form of self-expression.

A home of your own is about more than just providing a roof over your head, it's become a symbol of who we are, says Olsberg. "Increasingly the home has become a means of self-expression and lifestyle. It's become central to our sense of personal identity and family identity. And location has become much more important."

As the research findings revealed, the Australian dream of home ownership is particularly highly prized by Australians from Asian countries. "Domestic space in Asian countries comes at an absolute premium. To own a three-bedroom home with a backyard is a truly extraordinary thing for someone coming from a culture where high-rise apartment living is the norm."

Chapter 4:
Re-shaping
inter-generational
wealth transfer to
boost home ownership.

What are Baby Boomers doing with their own inheritance?

How do Baby Boomers really feel about the much talked about 'early access' to inter-generational wealth?

In the discussion around housing affordability, access to inter-generational wealth/equity has been mooted as a possible measure to help young people get into the housing market. A KPMG report¹⁴ found that "access to inter-generational equity - being the average amount of time a generation has access to potential wealth via inheritance from the immediately preceding generation - is anticipated to be the greatest for Baby Boomers and the least for Gen X."

So if Baby Boomers have the greatest access to inter-generational wealth and also the highest rates of home ownership (95% of Baby Boomers are home owners: 61% own their properties outright, 34% are currently paying a mortgage), is the social expectation to share their wealth with their children now mounting?

In chapter 3 of this paper we found that Australians were divided when it comes to if parents should play a role in their children's entry into the property market but how do

they feel about the issue personally and what are they doing in their own lives? How many have already granted their children early access to this store of wealth? What else are they personally willing to do to help their children buy a house?

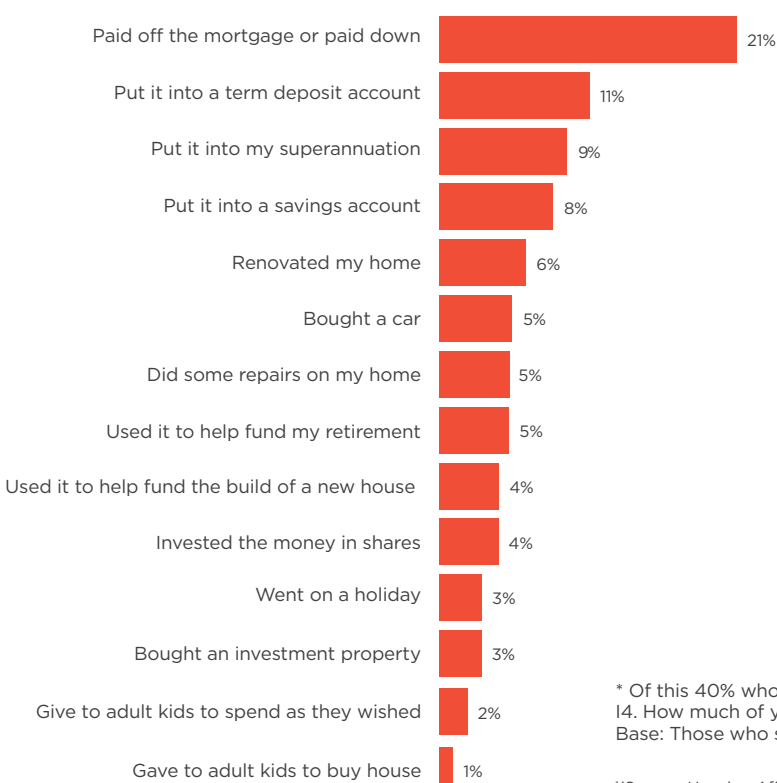
Baby Boomers are using their own inheritance to pay-down debt and build savings.

Despite the popular perception that some Baby Boomers are 'spending the kids' inheritance,' few are.

Only a small proportion (15%) have drawn down on the equity in their home - no more or less than the total (in fact, Gen Xers - not Boomers - are most likely to have accessed the equity in their home - 1 in 5 have done so).

And when it comes to their own inheritance from their parents (40% have received an inheritance), Boomers are using it to pay down debt and build savings. Most commonly inheritance money was used to pay-off or pay down their mortgages, followed by topping up their superannuation and putting the money into savings (see chart below).

Paying off or paying down the mortgage and building savings are the priorities when it comes to how Baby Boomers are spending their own inheritance.



* Of this 40% who received an inheritance, 84% spent it
14. How much of your inheritance did you put into each of these?
Base: Those who spend their inheritance, Baby Boomers (n=293)

¹⁴Source: Housing Affordability: What can be done about the Australian Dream, October 2016, KPMG

How are Baby Boomers helping the next generation?

Some Baby Boomers have already helped their kids with money to get into a home.

Around 1 in 5 (19%) of those surveyed have gifted or loaned their kids money to help them buy a house - 12% gave it as a gift to their kids and 10% as a loan. Interestingly, Baby Boomer

parents are also helping in other ways - 6% have gone guarantor on loans for their children (see chart below).

How Baby Boomers are helping their kids get into the property market.



12%

Have gifted adult child/ren money to help them buy house



10%

Have loaned adult child/ren money to help them buy house



6%

Have gone guarantor on a home loan for their adult children



2%

Have put a granny flat on their property so their adult child/ren could live there

Base: With adult children, or those who do not own a home and have parents, Baby Boomers (n=477-482)
J7. Which of the following have you actually done or actioned out? Choose all that apply.
J8. Where did you get this money from?

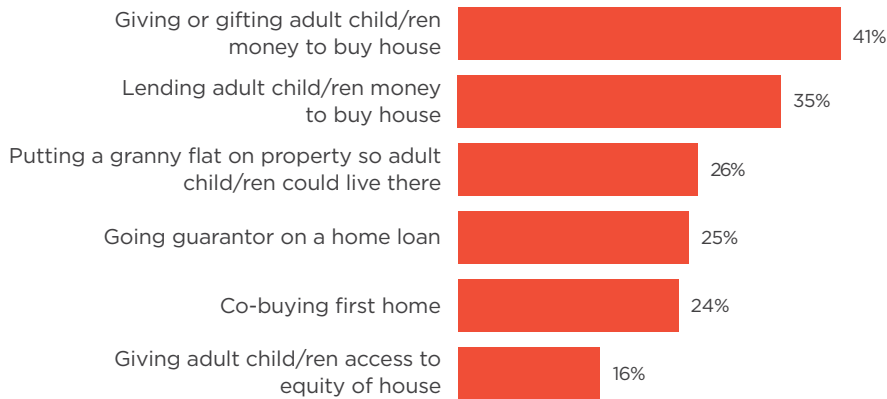
Only sig test showing significantly higher shown
+ Significantly higher than total sample @95% confidence level

There's more that Baby Boomers are prepared to do in the future to help their kids buy their first home.

When asked what they would be prepared to do in the future, Baby Boomers surveyed were open to a range of measures to help their kids get into their first home. Of all the things they were willing to consider gifting money was the most popular, followed by loaning money. Additionally, around 1 in 4 were open to the

idea of going guarantor on a loan and the same proportion would consider co-buying their kids first home with them. A similar proportion (26% would consider putting a granny flat on their property for their kids to live in (see chart over page).

What Baby Boomers are willing to do in the future to help their kids buy their first home. (Top 2 boxes on a 5-point liking scale)



Base: With adult children, or those who do not own a home and have parents, Total sample (n=943-956) J6. For each of the following statements please state the extent to which you like or dislike the idea. Set of statement for parents with adult kids and non-parent samples are similar except addressed appropriately for each group. Statements for parents are shown in chart.

They're keeping a firm hold on the family home for now.

The majority of Baby Boomers surveyed are holding on to their greatest asset for now: only 33% have considered downsizing and are looking to do so soon, while just under half (44%) have never considered downsizing at all. So, what's holding this group back?

Around half just are not ready to downsize, while many more need the space for their adult children (16% still have children living with them) and visiting family and friends. 16% cited the cost of stamp duty on a new home as a put-off to downsizing, while 15% believe it's smarter to hold on to their home for now while the market is so high.

Some are holding on to the family home because they expect to rely on it to fund their retirement.

One in 4 (26%) Baby Boomers surveyed expect to have to draw down on the equity in their home to fund their retirement, while more than half (58%) say they will be relying solely on the sale of the family home to fund any move into retirement living or aged care in the future. Investment properties and stocks also figure prominently when it comes to how Baby Boomers intend to fund their retirement: 37% of those surveyed will be relying on income from investment properties/and or share portfolio.

Giving the kids a head start: a mother's story of helping her son to buy his first home.

When Marilyn's* youngest son was looking to buy his first home but was struggling to save a 20% deposit, she and her husband were quick to offer help. "My son didn't want to pay the mortgage insurance so we wanted to help him in any way we could. At first we offered to loan him the money to make up the 20% but he didn't want the extra burden of having to pay it back, so we settled on going guarantor on the loan," she says. "I'm grateful we were able to help. Not everyone is in a position to do so."

Knowing the risks and ensuring it's a sound investment, making the decision was easy. "A friend had just done the same thing for one of her children. I knew what we were getting into. The lender took us through all of the risks and our obligations. My husband and I felt comfortable with our decision," Marilyn says.

"The property was in the same area we lived in and we knew it was a good buy, so we weren't worried about the market. We were in a good financial position. We owned our house outright, my husband

and I were both still working at the time so we knew if something bad happened, like our son lost his job, we'd be able to cover the repayments if we absolutely had to."

Marilyn was also reassured by the fact that it was not a lifelong commitment. "Once my son built up 20% equity in the house we could go to the bank and they would release the guarantorship."

A growing trend.

Over the last five years Marilyn has seen several friends and acquaintances help their children, either by giving cash, going guarantor on loans or co-buying property. "There's a bigger proportion that needs help from their parents," she says. "It's getting harder and harder for the kids to get into their first home. A house across the road from us just doubled in value in 18 months. I feel for them, if they're saving for a deposit they're always chasing their tail, they set a budget and savings goal and then 12 months later they have to increase it because house prices have gone up."

*Names have been changed to maintain the privacy of research participants

Conclusion.

While most Australians agreed that the great Australian dream of owning a home is under pressure, their attachment to the idea is deeply embedded on an emotional and cultural level. A great deal of empathy was felt by those surveyed for the next generation but there are generational strains around what people believe young people are willing to do to make their dream come true and what aspiring first time buyers say they are already doing, and what they are willing to do. Meanwhile, the study revealed a new generation of property

owner purchasing where they can afford and renting where they want to live is forging a new pathway to home ownership. In conclusion, it is clear that home ownership means different things to different groups but despite our differences, the majority of respondents agreed that the dream is something worth holding onto. It is imperative that we find new pathways to home ownership to keep the dream alive for the next generation.

About the research: methodology and sample.

Ipsos undertook this research on behalf of Westpac; an online survey of 2000 Australian men and women aged 20-70 years, which was conducted between March 29 and April 4, 2017. The sample comprised home owners¹⁵ and those hoping or intending to buy a residential property anytime in the future. Those hoping or intending to buy a home for the first time are identified in this paper as 'aspiring first time buyers.'

Several demographic subgroups have been analysed including home owners (also broken into further sub-groups 'owner occupiers' and those 'who don't live in their homes'), 'aspiring first time buyers,' as above, as well as generational cohorts Generation X, Generation Y and Baby Boomers. Data was analysed by other variables such as income, location and cultural background.

The generational composition of our key groups is:

Aspiring first time buyers: 70% Gen Y, 30% Gen X

Home owners: 49% Baby Boomers, 31% Gen X and 17% Gen Y.

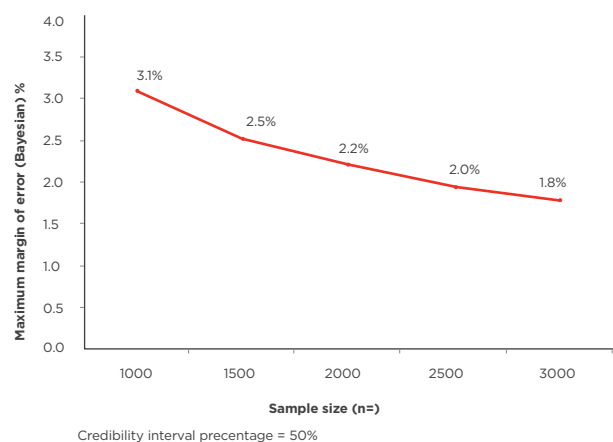
The generational cohorts are currently aged:

Gen Y: 20-34 years

Gen X: 35-49 years

Baby Boomers: 50-69 years

This sample size (of n=2000) has a maximum Bayesian margin of error of +/- 2.2% at 95% confidence, as depicted below. It should be noted that the margin of error decreases more slowly as sample sizes increase (for example, a sample of n=5000 would only decrease the maximum error by +/- 0.6%).



The survey results have been weighted to the Australian population aged 20-70 years by age, gender and location. The sample excludes those who do not intend to buy a home anytime in the future.

¹⁵The home owners group comprised owner occupiers (92%) and those who own an investment property but rent/live elsewhere (8%)

¹Source: CoreLogic, figures from December 2008 to February 2017, <http://blog.corelogic.com.au/2017/03/deteriorating-housing-affordability-sydney-melbourne-due-demand-supply/>

²Source: The RBA, April 2017: <http://www.rba.gov.au/publications/fsr/2017/apr/graphs/graph-1.8.html>

³For notes on methodology and sample see page 36 of this report

⁴Australian refers to Australian resident.

About Westpac.

Westpac Group has a long and proud history as Australia's first and oldest bank. Its portfolio of financial service brands and businesses is focused on its vision to be one of the world's great service companies, helping its customers, communities and people to prosper and grow. From ensuring customers can save and invest with confidence, to serving the financial needs

of multi-national corporate, institutional and government clients, Westpac puts its customers at the centre of everything it does. Our 40,000 employees serve over 13 million customers across a unique portfolio of brands including Westpac, St.George, Bank of Melbourne, BankSA and RAMS.

About Ipsos.

Ipsos is an independent market research company controlled and managed by research professionals. Founded in France in 1975, Ipsos has grown into a worldwide research group with a strong presence in all key markets. Ipsos ranks third in the global research industry. With offices in 86 countries, Ipsos delivers insightful expertise across six research specializations: advertising, customer loyalty, marketing,

media, public affairs research, and survey management.

In Australia, Ipsos has offices in Sydney, Melbourne, Perth and Brisbane, as well as Auckland and Wellington in New Zealand. Ipsos Marketing conducted this quantitative research and produced the report on behalf of Westpac.

Notes:

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