

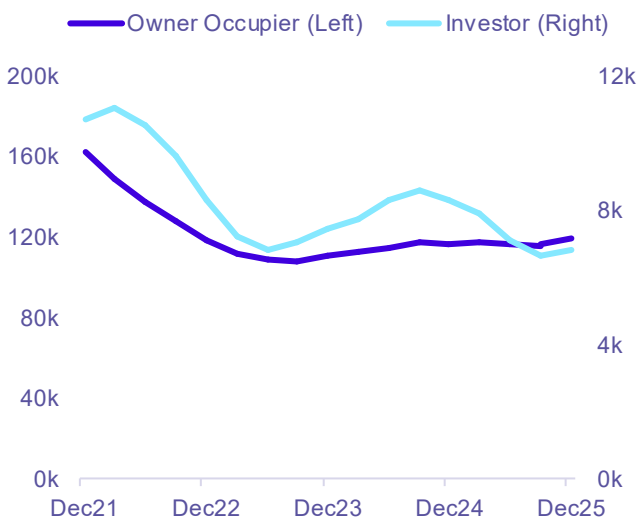
FIRST HOME BUYER MORTGAGE INSIGHTS

Lending data for the December 2025 quarter provides the first full measure of the impact of the Government's expanded 5% deposit scheme (First Home Guarantee), which was rolled out in October 2025. First-home buyer (FHB) loans surged 9.7% to deliver the strongest quarterly growth in two years. Most significantly, this reversed four consecutive quarters of negative growth that had weighed on the market last year.

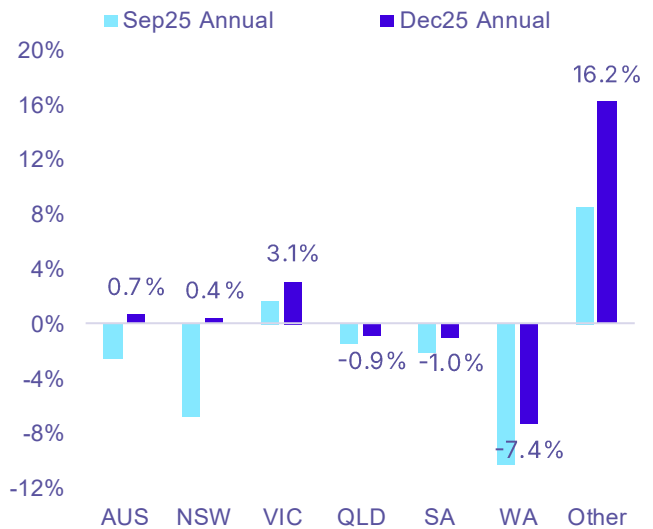
Despite this shift, FHB lending remains 30% below its 2021 peak of 180,945 annual loans. Based on current growth trends, the gap could narrow to 23% by year's end if momentum continues, though returning to 2021 levels could still take until 2030 or longer as rising interest rates create the opposite conditions to those that supported growth during the previous peak.

NSW drove nearly half of Australia's first-home buyer rebound, contributing 1,488 of the 3,186 additional loans nationally in the Dec 2025 quarter. NSW appears well positioned for continued strong performance, with its 19% quarterly growth still leaving it 21% below 2020 peak levels.

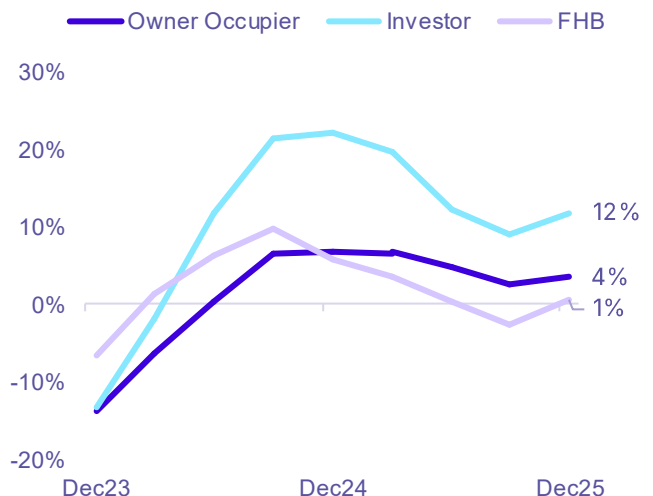
Annual first home buyer loan numbers



Annual growth in annual FHB loans



Annual growth of all loan numbers



FHB loans surged 9.7%, reversing four consecutive quarters of decline. Annual FHB loan growth was just 1%.

OWNER OCCUPIER

Overview

Owner occupier

Investor loans

Average loan size

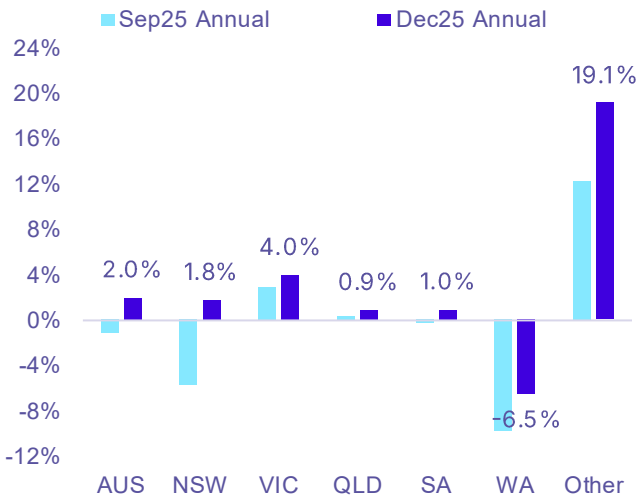
FHB owner-occupier loans drove the recovery in the December 2025 quarter, rising 10% compared to 7% growth for FHB investor loans.

NSW recorded exceptional 19% quarterly growth in owner-occupier FHB loans. On an annual basis, it also shifted from a -5.7% decline to 1.8% growth, emerging as the primary driver of Australia's national turnaround from -1.1% to 2.0%. This suggests the 5% deposit scheme is, so far, addressing key barriers preventing owner-occupier first-home buyers from entering the market, although rising interest rates are likely to temper this momentum.

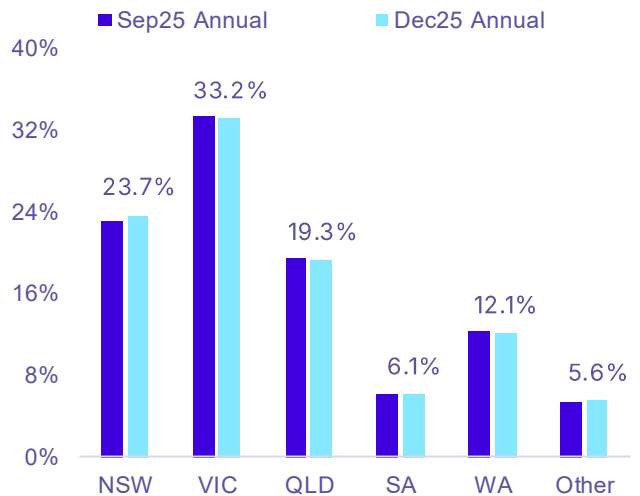
Victoria recorded the second-largest absolute increase, from 10,765 to 11,545 FHB loans. Its annual loan growth rose from 2.9% to 4.0%, suggesting a steadier, more sustainable increase in a market generally considered more accessible to first-home buyers. Victoria's FHB owner-occupier loans remain around 31% higher than NSW's despite its smaller population, with 11,082 loans in Victoria compared to 8,458 in NSW.

The ACT's remarkable 27% quarterly surge pushed the territory beyond 1,000 quarterly FHB loans for the third time on record, demonstrating the scheme's appeal in markets where deposit requirements had previously posed significant barriers.

Annual growth in FHB owner occupier loans

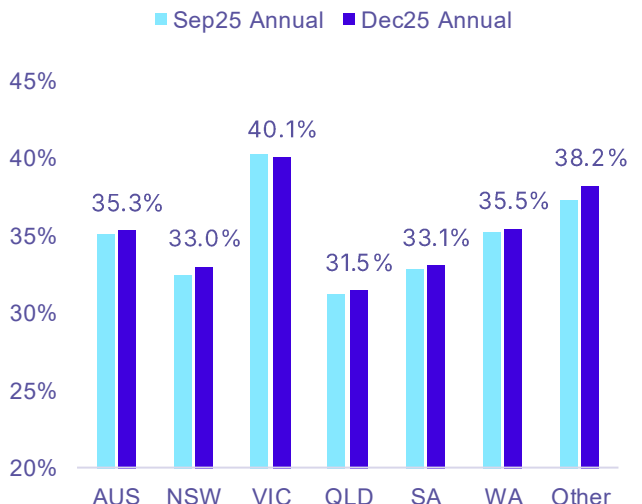


State share of national FHB OO loans



FHB owner-occupier loans grew 10%. So far, the 5% deposit scheme appears to be addressing key barriers that had previously priced many first-home buyers out of the market.

FHB OO share of all owner occupier loans



INVESTOR LOANS

- Overview
- Owner occupier
- Investor loans**
- Average loan size

First-home buyer investor loans recorded 7% growth in the December 2025 quarter.

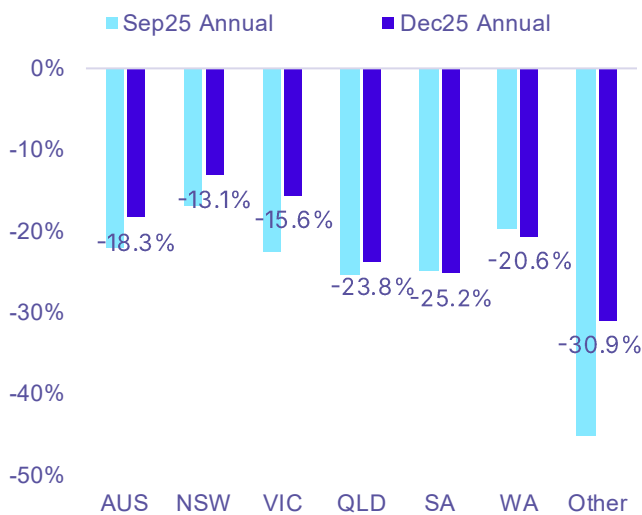
The investor segment accounts for just 5.4% of total FHB loans, so it remains a relatively niche market. However, this share could increase as rising interest rates reduce borrowing capacity for first-home buyers, potentially prompting more to consider investment properties where serviceability may be strengthened by rental income.

Annual investor FHB loans remain down 18% year-on-year, with December's growth only beginning to reverse the downward trend that started around September 2024.

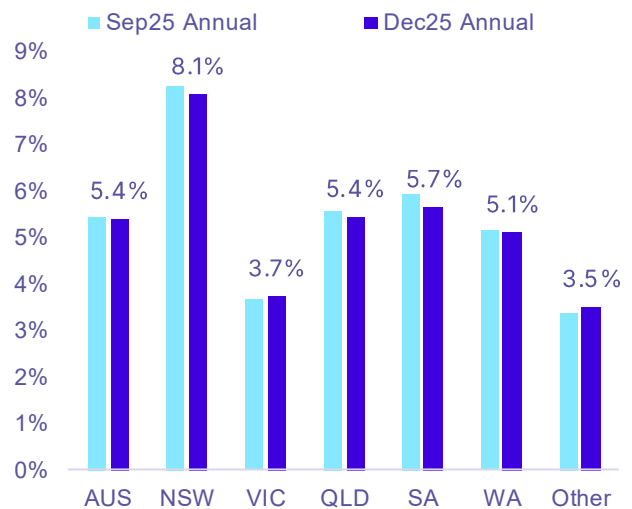
Average loan sizes in the FHB investor segment increased 9%, notably slower than the 12% rise for FHB owner-occupier loans.

Victoria emerged as the only major market showing a relative increase in first-home buyer investor activity, with investor FHB lending accounting for 4% of the state's total, up from 3.7%.

Annual growth in FHB investor loans

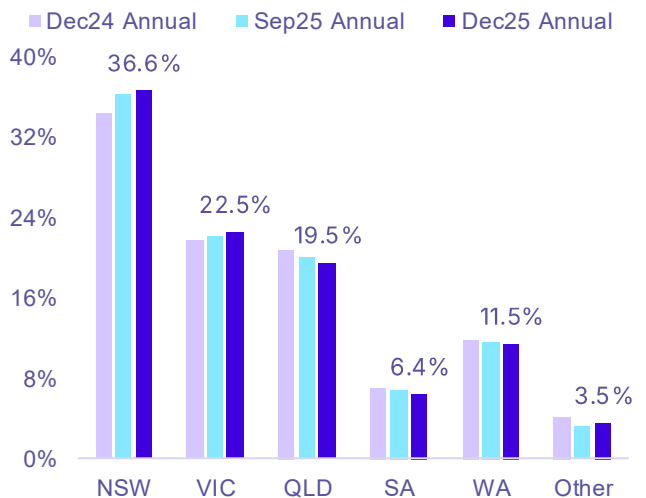


FHB investor loans share of total FHB loans



Investor FHB loans remain a niche segment, accounting for just 5.4% of total loans, and recorded modest 7% growth over the quarter.

State share of national FHB investor loans



AVERAGE LOAN SIZE

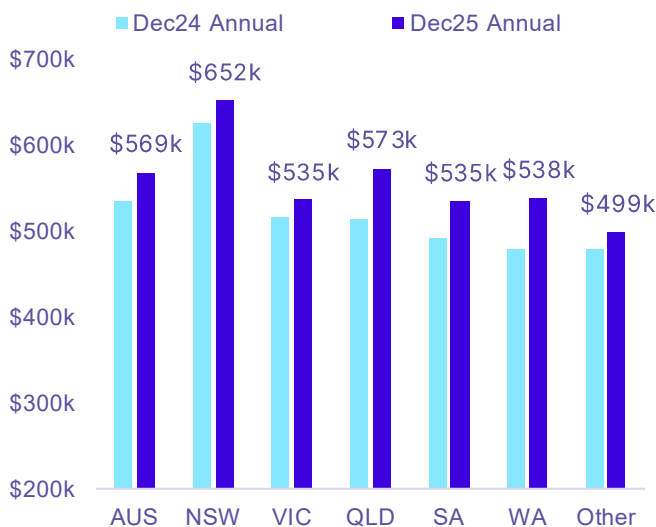
- Overview
- Owner occupier
- Investor loans
- Average loan size**

The most dramatic impact yet from the expansion of the 5% deposit scheme is on the average FHB annual loan size which jumped 12% to a record \$608,574 in the Dec 2025 quarter — surpassing \$600,000 for the first time. The \$63,645 year-on-year increase marks the largest quarterly jump ever recorded.

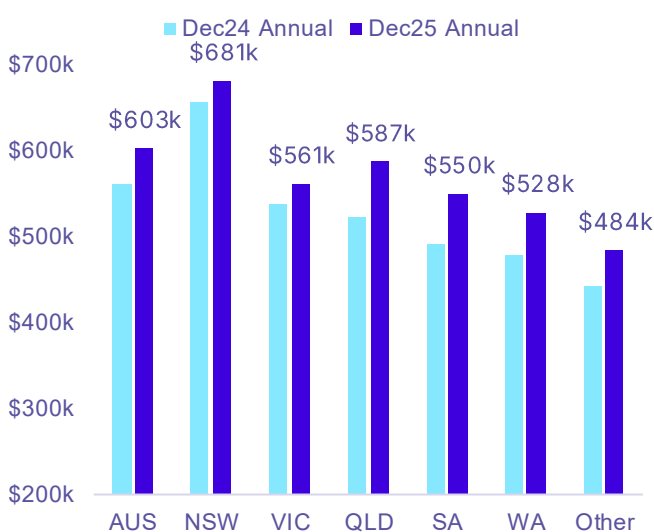
This significantly exceeded our forecasts of \$570,116, with average loan sizes coming in \$38,458 higher — or 6.7% above projections. This is likely attributable to the scheme's expanded access and suggests many first-home buyers were previously borrowing below their true capacity, constrained by deposit requirements.

First-home buyers in more 'affordable' states appear to have leveraged the 5% deposit scheme to secure larger mortgages. Queensland's average FHB loan size surged by \$90,054 to \$624,674 (17%), while Western Australia rose by \$84,972 to \$582,045 (17%). South Australia also recorded strong 13% growth. All three states now exceed Victoria's average loan size, despite Victoria continuing to record the highest volume of FHB loans. NSW's 9% growth in average loan size trailed the national average, suggesting first-home buyers in the state are primarily using the scheme to overcome deposit barriers rather than to upscale their purchases. If the 12% quarterly growth trajectory continues through 2026, the average national FHB loan size could reach \$679,653 by year's end. This would represent an increase of \$71,079.

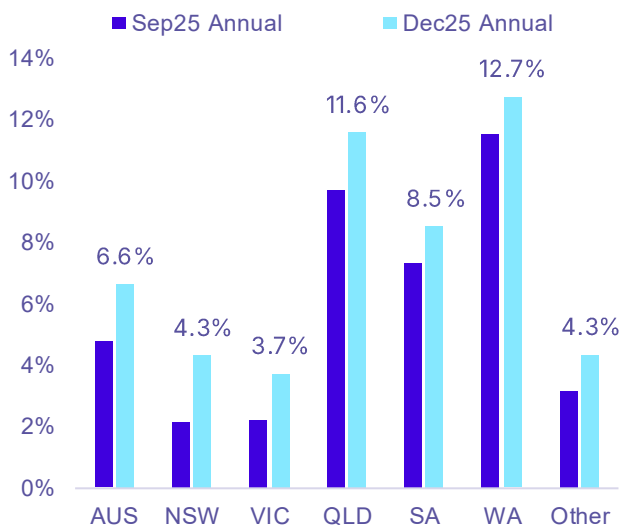
FHB annual average owner occupier loan size



FHB annual average investor loan size



Annual growth in owner occupier loan size



The average national FHB loan size could reach \$679,653 by year's end. While this would represent an increase of about \$71,000, it would still remain well below the \$808,000 average for non-first-home buyers.

DATA USED

This report uses publicly available data from the Australian Bureau of Statistics (ABS) Lending Indicators dataset. The latest data used is for the year to December 2025.

The data used in this report is primarily original data, not seasonally adjusted. The ABS does not provide seasonally adjusted figures in a number of datasets, including loan units (as opposed to dollar value). Without that, we cannot do an accurate calculation of average loan size across loan type. We can also not fully compare all loan types, because some are not available seasonally adjusted.

Note: Creating annual figures smooths the data in much the same way as seasonal adjustments; the annual data for total loans is almost identical looking at seasonally adjusted versus original.

When seasonally adjusted data is used, it is noted in the charts.

Any forecasts / projections on industry growth are using a formula for growth based on prior periods. It doesn't take account macro economic changes or recent events and should be used as a guide only.

Growth figures

- Annual growth means annual change in annual loans. This shows the trend. Loan numbers are used, not loan value.
- Looking at growth this quarter versus last quarter shows the current growth, but also where it is headed (up or down).

Other notes

- New & existing dwellings refers to the loans for purchase of newly erected dwellings, existing dwellings and construction of dwellings; and excludes land and alterations.
- Total new loans refers to all new loans excluding refinancing.
- 'Other' in state charts represents Tasmania, NT and the ACT combined.

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