



5 ideas to help first home buyers break into the property market

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Let's break down the housing fortress.

While housing affordability is improving across the country, for many young first home buyers cracking into the property market can feel like breaking into a fortress. Here are five ideas that can help bust down that door.

Housing affordability for new mortgage borrowers in Australia will continue to improve over the next 12 months because of declining housing prices, shows [the latest research](#) from Moody's Investors Service.

That said, there's no denying that hopeful first home buyers have a much harder time breaking into the market than those who house-hunted in decades past.

In fact, the [dwelling price to income ratio](#) showed a 78% increase between 1980 and 2015.

With that in mind, here are five tips to help you bang down the property market front door.

1. Consider "rentvesting"

Rentvesting is a term used to describe the act of renting a property in the neighbourhood you'd like to live in, while purchasing an investment property in a more affordable neighbourhood and renting it out to a tenant.

That way, you're able to live where you want while building equity in a home at the same time.

This tactic has become so popular in recent years that conventions, seminars and dedicated property investment businesses have begun popping up to help people do it effectively.

2. Take advantage of government schemes and incentives

Government schemes and incentives, such as the First Home Owners Grant (FHOG), can be a great way for first-time home buyers to offset some of the cost of purchasing their first home.

Similarly, many states and territories offer stamp duty discounts for first home buyers, which can also save you thousands of dollars.

Each state and territory has different rules around who is eligible to apply for them, but by and large, they make buying your first home more affordable.

3. Live at home while you save for a deposit

As unappealing as it may first seem to live with your parents while saving for a home, the idea becomes a lot more digestible when you consider that the [national median rental price in Australia is \\$450 a week](#).

That's \$23,400 a year.

If you include all the money you'll save by splitting food and utility costs (including water, gas, electricity, internet and phone bills) with your parents, you could save up to \$30,000 a year.

4. Share the cost of ownership with a friend

If the property you want is out of your reach, why not consider going in on it with a friend or relative?

Splitting the cost of a home purchase with another person can allow you to build equity in the home of your choice, without overstressing your resources.

Just keep in mind that you'll want to speak with a lawyer and draw up an agreement regarding ownership and mortgage liability, plus things like how maintenance costs will be met and what happens if someone wants to sell in future.

5. Rent a room in your house out to a tenant

If you want to own the property you live in and don't want the mess that can come with sharing ownership with another individual, then renting out a room in your house can be another great option.

By renting out the room for \$200 a week you can make \$10,000 a year - plus you'll save on utility bill costs.

If you're not too fond of having a full-time housemate, consider creating a guestroom and leasing it out on [Airbnb](#).

Just be sure to take out appropriate insurance and keep accurate records of the income you earn from Airbnb as the ATO is cracking down on undeclared income from the platform.

Final word

The Australian housing market may have cooled off in recent months, but pricing is still high enough that it can be very challenging for first-time home purchasers to break into the market.

By getting creative with some of the tips in this post, you'll stand a better chance at turning your dream of owning your first home into a reality.

If you'd like any other help cracking into the property market then please get in touch - we'd love to help out any way we can!

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