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Young Australians struggling to save but won't forgo their holidays

New survey results from Suncorp Bank reveal young Australians saving for a first home deposit are more willing to cut back on entertainment than holidays or travel. The results also highlight the difficulty young Australians have saving.

74% of those surveyed between the ages of 20 and 30 said that they would be willing to cut back on dining out, drinking and takeaway to save for a first home deposit. Less than half of respondents said they would be willing to cut out travel or holidays to save for a first home.

Suncorp Bank General Manager Terry Wasmund said housing affordability was a growing issue.

"Housing affordability in Australia is at its lowest. Both interest rates and house prices are on the rise, and more than 42% of those surveyed between 20 and 30 years of age are living at home with their parents while they save for a deposit," he said.

"About one third of respondents in our survey said they were considering moving back in with their parents to boost their savings for a home.

"The number one reason young Australians say they are not saving for a deposit is because they want to travel (37%) however when asked what they would do with a \$20,000 windfall 75% said they would put it towards a home loan deposit, compared to just 18% who said they'd put it towards an overseas holiday."

Mr Wasmund said the national survey results also highlighted the difficulty young Aussies had saving in general.

"While they would happily put a \$20,000 windfall or bonus towards a home deposit, without this lump sum, 22% said they don't think they'll ever be able to save enough for a deposit," he said.

"Six interest rate rises since October have resulted in 31% of the respondents putting off purchasing a home for now, with almost 40% saying that they're saving extra money to cover future interest rate rises. Almost 30% haven't even thought about the impact of rate rises on their ability to repay a mortgage.

"Despite the housing affordability crisis, young Australians are still hopeful of one day owning their own home, with 85% believing they will."

Mr Wasmund said it would take longer and would require a more concerted effort in saving.

“It means being diligent when it comes to your budget and really considering the necessity of each purchase, particularly having the latest clothing and electronic devices,” he said.

“While there are serviceability tests used to help check a person’s ability to manage a mortgage, individuals need to be realistic about what they can afford and be willing to alter their lifestyles to avoid getting in over their heads.

“There are some great ways for Australians to boost their savings whether it be for a deposit on a home, a holiday, a car or other item, and a range of products suited to people trying to save.

“Term Deposits are worth considering if you don’t need to access your money for a term of say 3, 6 or 12 months and there are some very competitive rates around at the moment.

“If you’ve put the decision to purchase off for now, you could put what you have saved in to a term deposit and watch your savings grow.

“If not having access to your funds at short notice is a problem, then a high interest savings account is certainly worth looking into,” said Mr Wasmund.

“The most important thing is to have a realistic budget that you can stick to and to revisit it regularly to make sure it is in line with your circumstances.”

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About Suncorp:

Suncorp is one of Australia and New Zealand’s largest diversified financial services providers, supplying banking, insurance and wealth management products to around 7 million customers through well-established and recognised brands such as AAMI, Australian Pensioners Insurance Agency, Shannons, Vero, Asteron and Tyndall, as well as Suncorp and GIO. Today Suncorp is Australia's fifth largest bank and second largest domestic general insurance group, with over 16,000 staff. Suncorp has representation in 450 offices, branches and agencies throughout Australia and New Zealand.

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*The independent survey, commissioned by Suncorp Bank, was conducted by Pure Profile.

**All figures have been rounded to the nearest whole percent.