First home buyers | Natloans

Canonical: https://www.natloans.com.au/home-loans/first-home-buyers/

Details:

Buying your first home brings plenty of questions: how much to save, what you can comfortably repay and which loan features are worth paying for. We help you work through those decisions, compare options from our lender panel and prepare for the steps from application to settlement.

Is Now the Right Time to Buy?

There's no universal answer, but there are a few questions worth working through honestly: Is your income stable? Do you have a realistic deposit saved, or a clear path to one? Have you factored in the costs beyond the purchase price? And have you looked at whether any government programs could reduce your upfront costs?

Purchasing a home means principal repayments build equity over time, which renting doesn't. That said, property values can rise or fall, and taking on a mortgage is a long-term commitment. The right time is when your financial position supports it — not just when you feel ready emotionally. A free consultation with our team can help you assess where you actually stand before you commit to anything.

Government Incentives for First-Home Buyers

Several federal and state programs exist specifically to reduce the cost of entering the market for the first time. Here's a plain-language overview of the main ones. Eligibility criteria, grant amounts, property price caps and program availability vary by state and change over time — always confirm current details with the relevant government authority before making decisions based on a specific program.

First Home Owner Grant (FHOG)

Some states and territories offer a First Home Owner Grant for eligible buyers of a new home. Availability, amounts, property requirements and occupancy conditions differ. Check your state or territory revenue office's current rules, including whether you apply through an approved lender or directly to the authority.

Australian Government 5% Deposit Scheme

From 1 October 2025, the former Home Guarantee Scheme was rebranded as the Australian Government 5% Deposit Scheme, with several significant changes. Eligible first-home buyers can now purchase with a minimum 5% deposit (based on the lender's assessed value of the home, which may differ from the purchase price) without paying lender's mortgage insurance. There are no income caps and no limits on the number of eligible places. Property price caps still apply and vary by location. You must meet the scheme's owner-occupier requirements and move-in deadlines; the timing differs for an existing home and a new build. You apply through a participating lender — not directly through the government. Check the scheme's FAQ page for current eligibility details and property price caps.

Stamp Duty Concessions and Exemptions

Some states offer reduced or waived stamp duty for first-home buyers, which can meaningfully lower your upfront costs. Rules and thresholds differ by state and by property value — check with your state revenue office to understand what applies in your situation.

First Home Super Saver Scheme (FHSSS)

The First Home Super Saver scheme can let eligible buyers release certain voluntary super contributions and associated earnings for a first-home deposit, within the scheme's limits. It does not give general access to your compulsory employer super contributions. Check the ATO's contribution, determination, release and purchase-contract timing rules before relying on the money.

We can help you identify which programs you may be eligible for and work through the application process alongside your loan application.

How Much Deposit Do You Need?

A larger deposit reduces the amount you need to borrow and may give you more loan options. Borrowing above 80% of the lender's property valuation often involves lenders mortgage insurance (LMI), unless an exemption or eligible guarantee arrangement applies. LMI protects the lender, not you. An eligible buyer using the Australian Government 5% Deposit Scheme may buy with a smaller deposit without LMI, but still needs to meet the lender's borrowing criteria and cover purchase costs.

The right deposit target for you depends on property prices in your preferred area, your savings capacity, and which assistance programs you qualify for. We can help you work through the numbers in a free consultation.

Saving for Your Deposit

For most first-home buyers, saving the deposit is the hardest part. A few practical approaches:

Set a specific target: Work out the deposit amount you need based on realistic property prices in your preferred area, then set a timeline that reflects what you can actually save each month.

Automate your savings: A fixed automatic transfer to a dedicated high-interest savings account each payday removes the temptation to spend first and save what's left.

Consider low-risk savings vehicles: Term deposits and high-interest savings accounts can help your deposit grow steadily without significant risk.

Explore the FHSSS: If you're eligible, making voluntary super contributions and withdrawing them under the First Home Super Saver Scheme can be a tax-effective way to accelerate your savings. Confirm current limits and conditions with the ATO or a financial adviser.

If your financial situation is complex, a qualified financial adviser can help you build a savings plan that works alongside your borrowing strategy.

Costs to Budget for Beyond the Purchase Price

Underestimating total purchase costs is one of the most common mistakes first-home buyers make. In addition to your deposit, budget for:

Stamp duty — unless you qualify for a state concession or exemption

Legal and conveyancing fees

Building and pest inspection fees

Loan establishment fees — these vary by lender

Home and contents insurance

Moving costs

Ongoing maintenance once you own the property

The amounts vary depending on the property, its location and the lender you choose. Factor all of these in from the outset so there are no surprises at settlement.

Home Loan Options for First-Home Buyers

Choosing the right loan structure matters as much as finding the right property. Here are the main options and what to weigh up for each.

Fixed-Rate Home Loan

Your interest rate is locked in for an agreed term — typically one to five years. This makes repayments predictable, which is helpful when you're budgeting tightly as a new homeowner. The trade-off is less flexibility: if rates fall, you won't benefit, and break costs can apply if you exit the loan early or refinance during the fixed period.

Variable-Rate Home Loan

Your rate moves with the lender's rate, which can reflect broader market changes. If rates fall, your repayments may decrease. Variable loans typically allow extra repayments and often include redraw facilities. The risk is that repayments can also rise if rates increase.

Split Loan

Part of your loan is fixed and part is variable. This gives you some repayment certainty while retaining some flexibility. The split ratio is up to you and your lender. Features and costs vary, so it's worth comparing carefully.

Interest-Only Loan

During the interest-only period, your repayments cover only the interest — the principal doesn't reduce. This means lower initial repayments, but your debt stays the same until you start making principal repayments. This structure is primarily used by investors; for owner-occupiers, it's worth understanding clearly what you'll owe and what your repayments will look like once the interest-only period ends.

As ASIC's MoneySmart guidance notes, even a small difference in interest rate or loan term adds up significantly over the life of a loan. It's worth comparing the total amount repayable — not just the monthly repayment figure — when assessing your options. A comparison rate combines the interest rate and most fees into a single figure to help you compare loans, but it's a guide rather than a personalised quote.

We compare home loan options across our panel of banks and non-bank lenders and can walk you through the trade-offs for your specific situation.

Getting Pre-Approved

Loan pre-approval is a lender's preliminary assessment of how much you may be able to borrow, based on your income, expenses, assets and liabilities at the time of assessment. It gives you a working budget before you start inspecting properties, and it means you can move quickly and with confidence

when you find the right one.

Pre-approval is not a guarantee of final loan approval. Final approval is subject to the lender's assessment of the specific property, your financial position at the time of formal application, and the lender's credit criteria. We can assist with the pre-approval process so you're better prepared to act when the time comes.

Steps in the First-Home Buying Process

The process varies slightly by state, lender and property type, but here's a general overview of what to expect.

Set your budget Use a repayment calculator or speak with us to understand how much you can borrow and comfortably repay. Include upfront costs — stamp duty, legal fees, inspection costs — in your budget from the start.

Search for a property Use reputable real estate listing sites and attend open inspections. A real estate agent can help you understand the local market, particularly if you're buying in an area you're less familiar with.

Make an offer Before making an offer or bidding at auction, ask a solicitor or conveyancer to review the contract, required disclosures and any conditions you need. Check your finance position and arrange relevant inspections. Auctions and unconditional contracts can commit you before final loan approval, so pre-approval alone is not enough protection.

Get a professional inspection Engage a qualified building and pest inspector before you commit. Inspection reports can reveal structural or maintenance issues that affect the property's value — and can help you decide whether to proceed. Whether you can renegotiate or withdraw after making an offer depends on the contract and applicable law; ask your conveyancer before you sign or bid.

Finalise your loan and settle Once your offer is accepted, work with your lender (or through us) to complete the formal loan application. On settlement day, the property legally transfers to you.

Choosing the Right Property

The property you choose affects both your daily life and the long-term value of your investment. A few things worth thinking through carefully:

Location

Proximity to work, family, schools and amenities matters for your lifestyle — and tends to support property value over time. Think about where you realistically want to be in five to ten years, not just right now.

Property type

Apartments, townhouses and houses each come with different price points, maintenance responsibilities and growth profiles. Consider which fits your budget and lifestyle now, and whether that's likely to change.

Suburb growth trends

Research historical price trends and any planned infrastructure in the area. Past performance doesn't guarantee future results, but understanding the local market helps you make a more considered decision.

Condition

Factor in any repairs or upgrades the property needs. A lower purchase price can quickly be offset by significant renovation costs — which is exactly why a professional building inspection before you commit is so important.

How a Mortgage Broker Can Help

A mortgage broker acts as an intermediary between you and multiple lenders. Rather than approaching a single bank directly, we can compare loan products across our panel, explain the differences in plain language, and help you prepare your application.

We will explain why the options we present suit your circumstances and clarify our remuneration and any fees before you proceed. You can ask what lenders we considered, why an option was recommended and how its overall cost compares with alternatives.

For first-home buyers specifically, we can help you:

Understand which government incentive programs you may be eligible for

Compare fixed, variable and split loan structures against your goals and budget

Work through the pre-approval process so you can search with confidence

Clarify loan terms, fees and conditions before you sign anything

Manage communication with lenders from application through to settlement

Common Mistakes Worth Avoiding

Missing grants or concessions you're eligible for: Not researching government assistance can mean paying more upfront than you need to.

Underestimating total costs: Stamp duty, legal fees, inspection costs and insurance add substantially to the purchase price. Budget for all of it from day one.

Skipping the building inspection: Structural or maintenance problems that aren't identified before purchase can result in significant unplanned costs.

Not reading the loan terms carefully: Fees, conditions and break costs vary between loans. If any clause is unclear, ask before you sign.

Treating a general program description as confirmed eligibility: What you read on a website — including this page — is general information. Always confirm your eligibility directly with the relevant government authority.

Ready to Take the Next Step?

Whether you're still saving, ready to apply, or somewhere in between, we're happy to talk through where you're at and what your options look like. There's no obligation — just a straightforward conversation about your situation.

Apply for a home loan — start your application online.

Use the repayment calculator on our website to estimate weekly, fortnightly or monthly repayments based on your loan amount and term.

Book a free consultation or call us on 1300 955 791 to speak with one of our mortgage specialists.

Loan approval and terms depend on lender assessment of your individual circumstances. Government programs, eligibility thresholds and interest rates are subject to change — confirm current details with the relevant authority or through our team before making financial decisions.