

# Examining Homebuyers' Journey from Market Entry to Outright Homeownership: Evidence from Greater Sydney

The issue of affordability extends beyond entering the housing market. It is only the start of the homeownership journey, as homebuyers are continuously required to meet the repayment requirements stipulated in the loan agreement. This brings the issue of ongoing affordability to the fore, which has been overlooked in the affordability literature. In this project we are aiming to close this gap by examining the ongoing affordability trends and their determinants across the Local Government Areas (LGAs) of Greater Sydney.

## Why the study is relevant:

- There is no full picture of how homebuyers navigate their mortgage journey, from entry to outright homeownership.
- How a household's decision to use existing equity to invest in a second property would affect their mortgage payment.
- To examine the key drivers of mortgage payments over time.

## What we are doing:

- We are navigating the continuing affordability landscape of Greater Sydney using the 1991 housing market entrants.
- We situate our study on the option-theoretic mortgage pricing model and the concept of decreasing and increasing mathematical functions.
- We examine the trends and key determinants of the ongoing affordability index using the annualised effective cost of servicing the loan, combined with a fixed effect framework.

## What we aim to achieve:

- To better understand how changes in the socioeconomic characteristics of households, the housing lending landscape, the policy settings and regulations, and the cost of living are impacting households' mortgage repayment over time.