

# *Unveiling The Legal Advantage:*

Home loan insights of  
Australian legal  
professionals in 2022

PREPARED AND PUBLISHED BY



Legal  
Home Loans®

01

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# 02

## REPORT OBJECTIVE

*Unveiling the Legal Advantage* is a research initiative conducted by Legal Home Loans intended to shed light on home loan trends specifically amongst Australian legal professionals. As Australia's only mortgage broking service exclusive to the legal sector, Legal Home Loans (LHL) have access to a unique data set that reveals lending behaviours of this segment, their relationship with owning property, and how they could be better placing themselves in the market.

## METHODOLOGY

This report is a quantitative study with data taken from the LHL database of home loan records. 610 records from January 2022 to January 2023 were randomly selected for analysis, with a loan type segment split closely in line with national statistics. Where relevant, we have used the National Profile of Solicitors 2022 (NPS) and lending indicators data from the Australian Bureau of Statistics (ABS) to draw comparisons and analysis. All data remains anonymous and has been used for the purpose of informing trends rather than revealing individual data.

# 03

## FROM THE GENERAL MANAGER



Aylin Unsal  
General Manager,  
Legal Home Loans

A stylized, handwritten signature in black ink, appearing to read 'Aylin'.

“It is very exciting to be sharing exclusive home loan insights specific to legal professionals for the first time. While there is an abundance of Australian mortgage data available, never before has it been seen segmented based on a specific profession. This segmentation allows us to observe both deviations from the national average and additional opportunities where lawyers can leverage their esteemed professional status.

It is common knowledge that qualified professions, including lawyers and accountants, generally possess greater earning potential. However, witnessing the statistical disparities in home ownership between these professionals and the typical Australian population is incredibly interesting.

Our business is founded on the benefits lawyers can enjoy when it comes to lending due to the inherent security of their profession, such as waived Lender’s Mortgage Insurance. It is encouraging to see that legal professionals are continuing to seize the opportunities before them despite challenging market conditions such as interest rate hikes and high inflation. However, as suggested by the data, there may be untapped potential for lawyers to enter the property market sooner, grow their portfolios, and ultimately enhance their wealth and financial security further.”

# 04

## EXECUTIVE SUMMARY

This report was compiled to evaluate the key mortgage trends of Australian legal professionals in 2022, including average age of entry into the property market, purchasing behaviour, and how property wealth compares to the Australian average. As of the time of this report, the Reserve Bank of Australia has implemented 11 consecutive cash rate increases within the past year. Accordingly, we have assessed the impact of this on lawyers' home loans.

The data reflects an average borrower age of 38 years old with 59% of records being property purchases and the remaining 41% being refinances of existing mortgages. The average purchase price was found to be 35% higher than the typical Australian property value, suggesting that legal professionals have higher affordability and ability to enter the property market. The top suburbs of residency across the states and territories were highly desirable living locations with high average housing prices.

In terms of first home buyers, legal professionals are purchasing three years sooner than the average Australian. By our analysis, we found that lawyers could be entering the property market even earlier, in fact up to five years sooner than they currently are. Whilst lenders offer waived Lender's Mortgage Insurance at 10% deposit level, the average first home buyer is waiting until they are able to commit 15%.

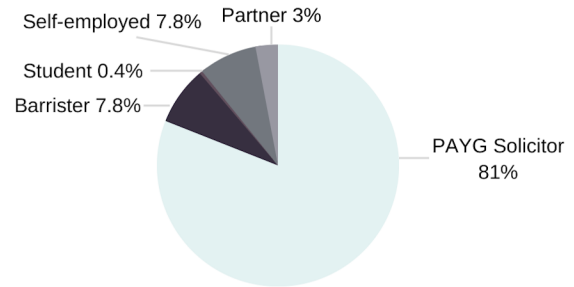
Comparing January 2023 to the same month the year prior, lawyers are now paying an average of \$1,100 more in their monthly mortgage repayments, a result of the many cash rate hikes. However, the average loan size also increased by circa \$28,000, in contradiction with media hype seen in 2022 around falling property prices.

# 05

## DEMOGRAPHIC SNAPSHOT

The data sample includes 776 applicants across 610 home loan records. This consists of both legal professionals and individuals from non-legal professions where the home loan had a secondary applicant. This information has been cross-referenced with the recent National Profile of Solicitors 2022 (NPS)<sup>1</sup>, prepared by Urbis and commissioned by the Law Society of NSW, to ensure a comprehensive representation of legal professionals across the country.

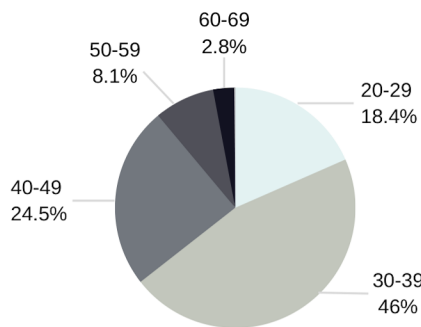
### JOB TYPES



Non-legal professional applicants have been excluded in the above chart for the purpose of focusing on the legal sector.

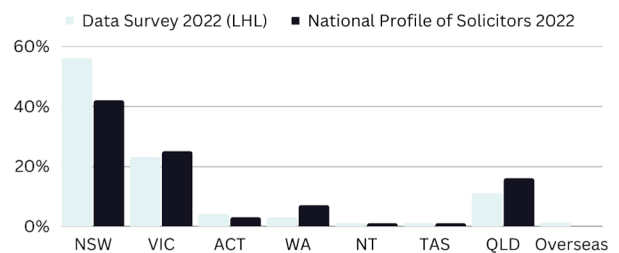
### AGE SPLIT

Nearly half of participants fall within the 30-39 age range, while the average age is 38 years. Additionally, the average age of first home buyers is 32 years.



### STATE SPLIT

The distribution of participants by state indicates that the highest proportion of respondents are located in NSW (57.1%), followed by VIC (23.2%) and QLD (10.7%). This state breakdown aligns with the broader nationwide survey of legal professionals conducted by Urbis<sup>1</sup>, as shown below. Given that the majority of the sample is situated in NSW, trends related to properties and mortgages owned by the participants may be influenced by the housing market conditions in NSW.



### GENDER SPLIT

51% FEMALES

49% MALES



The survey exhibited a fairly even gender split, albeit with a slightly higher percentage of female participants compared to males, a difference of 2%. A similar trend was also observed in the latest National Profile of Solicitors (2022)<sup>1</sup>, which reported a 10% greater representation of female legal professionals than males.

TOTAL COUNT 610

1. Caroline Tomiczek et al., June 2022, 2022 National Profile of Solicitors, Urbis, (see reference 1).

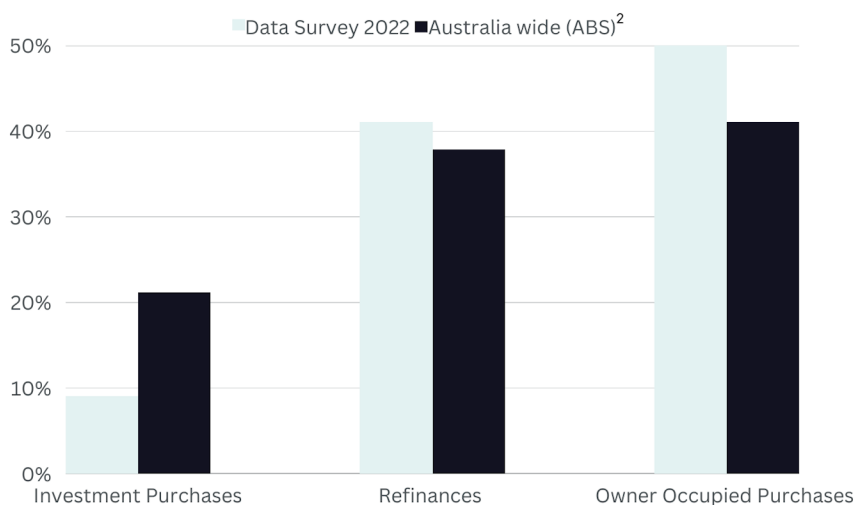
# 06

## TOTAL LOANS OVERVIEW

Legal professionals show a greater proclivity than the average Australian to enter the property market.

In 2022, the majority of loans (59%) were attributed to property purchases. Among the owner occupied purchase category, 35% represented first-time home purchases by legal professionals, surpassing the national average of almost 25%<sup>2</sup> of new loans made by the general population. These findings suggest that legal professionals displayed a greater inclination to engage in property acquisition, despite the volatility of the real estate market caused by interest rate increases. Factors such as job security and the benefits associated with being a legal professional likely played a significant role in influencing this behaviour.

### LOAN TYPES



**\$765,766**

AVERAGE LOAN SIZE

**77%**

AVERAGE LVR

**\$325,151**

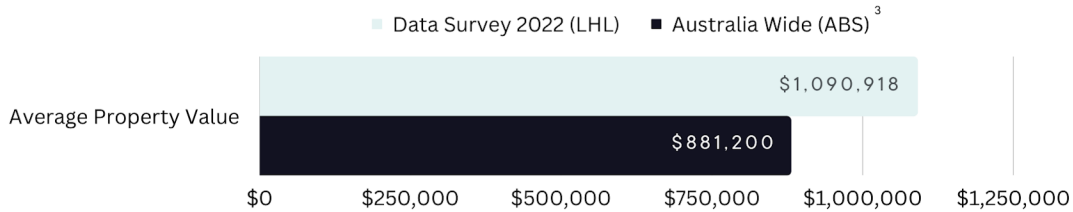
AVERAGE DEPOSIT/ EQUITY

2. Australian Bureau of Statistics, January 2022 – December 2022, Lending indicators, ABS, (see reference 2).

# 07

## Lawyers own more expensive properties than the typical Australian.

Legal professionals, on average, possessed properties with a value of \$1,090,918, surpassing the average price of dwellings at \$881,200 across Australia by 20% as reported by the Australia Bureau of Statistics <sup>3</sup>.



## TOP RESIDENTIAL LOCATIONS

### Lawyers are choosing affluent and desirable locations to live in.

Legal professionals are gravitating towards metropolitan areas, with notable suburbs such as Balmain (NSW), Surry Hills (NSW), and Melbourne CBD (VIC) forming their preferred choices. This inclination reflects participants' lifestyle preferences and their desire for proximity to central business districts (CBDs), despite remote working changes following the pandemic. Findings from the National Profile of Solicitors<sup>4</sup> indicate that over half of legal professionals practice in city locations nationwide, which could be attributed to the abundance of job opportunities available in such areas. This, in turn, explains their greater inclination to reside in metropolitan locations.



TOTAL LOAN COUNT 565

3. Australian Bureau of Statistics Dec-quarter-2022, Total Value of Dwellings. ABS, (see reference 4).  
 4. Caroline Tomiczek et.al., June 2022, 2022 National Profile of Solicitors, (see footnote 1).

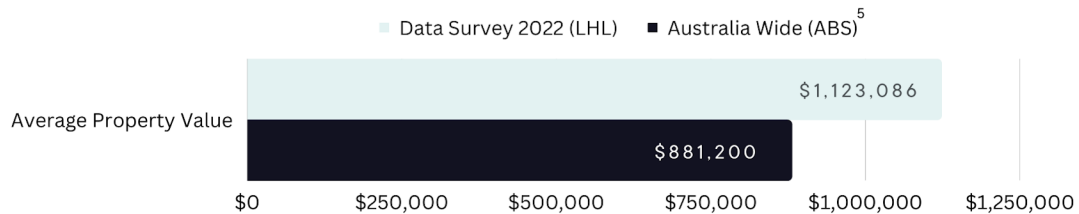


# 08

## TOTAL PURCHASES

Legal professionals are buying properties on average 35% more expensive than the average Australian property.

Legal professionals, on average, purchased properties with an impressive price of \$1,123,086, which exceeds the national average property value by 35%<sup>5</sup>. This disparity can be attributed to legal professionals having higher serviceability, allowing them the opportunity to acquire properties of higher value in affluent suburbs.



<b>\$890,030</b>	<b>83%</b>	<b>\$232,056</b>
AVERAGE LOAN SIZE	AVERAGE LVR	AVERAGE DEPOSIT

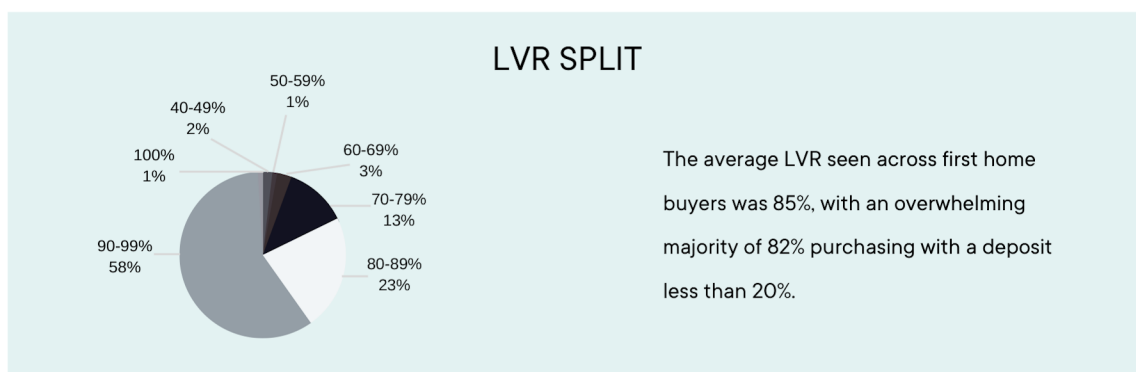
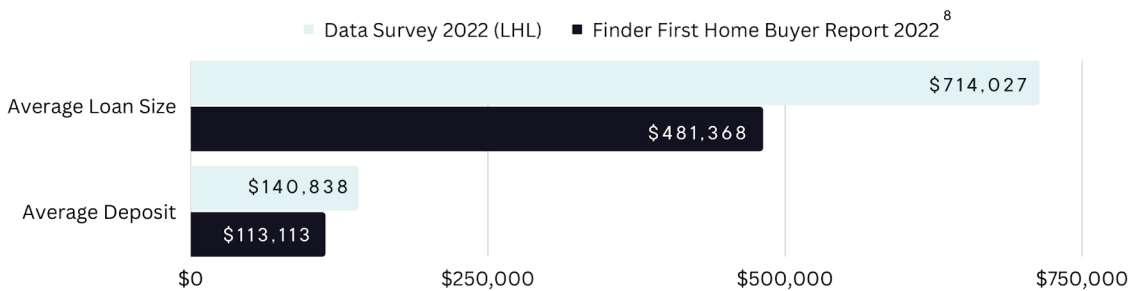
# 09

## FIRST HOME OWNERS

Lawyers are purchasing their first home three years sooner than the typical Australian.

The median age for legal professionals to acquire their first property is at the age of 31 years old, which is three years earlier than the median age for a typical first home buyer (FHB) of 34 years<sup>6</sup>. Interestingly, only 6% of these buyers relied on a guarantor, as over 60% of all first home buyers were able to secure loans exceeding 80% of the property price without the need for Lender's Mortgage Insurance, as a result of their professional status. Those who borrowed below 80% loan-to-value ratio (LVR) had twice the deposit size, which was often achieved through personal savings, financial contributions from family, or a combination of the two.

The average income of a legal professional FHB stands at \$132,475, surpassing the average Australian's salary<sup>7</sup> by 25%. This emphasises the legal professional advantage, enabling them to purchase higher-value properties at a younger age and enter the property market earlier than the typical Australian.



<b>\$714,027</b>	<b>85%</b>	<b>\$140,838</b>
AVERAGE LOAN SIZE	AVERAGE LVR	AVERAGE DEPOSIT

SEGMENT COUNT 111

6. Tarric Brooker, July 2022, Median age of Australia's first homebuyers shows how radically housing has changed, news.com.au (see reference 5).

7. Australian Bureau of Statistics November 2022, Average Weekly Earnings, Australia, ABS, (see reference 6).

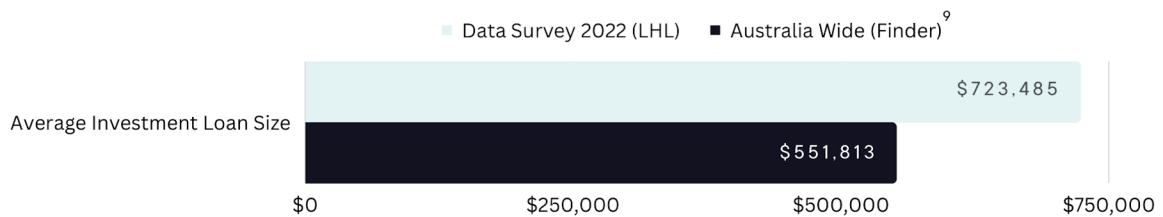
8. Sophie Wallis, August 2022, First Home Buyer Report 2022, Finder. 1,001 first home buyers in Australia in April 2022 through a survey distributed by Pure Profile. The survey sample was nationally representative in gender, location and income, but skewed towards younger Australians as first home buyers are naturally younger, (see reference 7).

# 10

## INVESTMENT PURCHASES

Legal professionals enjoy greater affordability to purchase multiple investment properties.

In 2022, individuals purchasing investment properties boasted an average salary of \$281,033 and an average age of 41. It's worth noting that these participants already owned at least one property, with a remarkable 20% of them being proud owners of three or more properties. This suggests that legal professionals enjoy greater affordability and potential for expanding their investment portfolio. However, the average salary and average property price seen in this segment infers that they could potentially start investing earlier than they may think, if they were to take advantage of waived LMI for properties at lower, entry level prices.



<b>\$900,811</b>	<b>84%</b>	<b>\$723,485</b>
AVERAGE PROPERTY PRICE	AVERAGE LVR	AVERAGE LOAN SIZE

SEGMENT COUNT 49

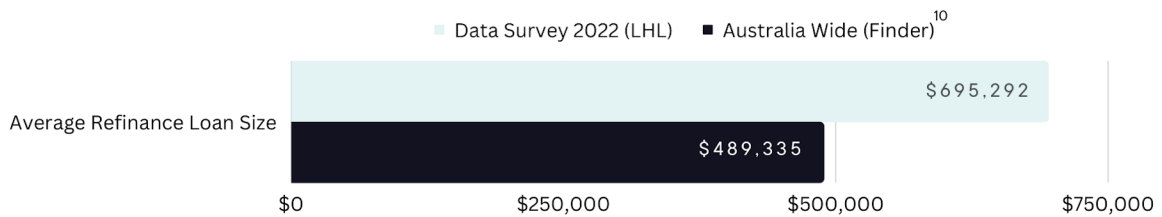
9. Graham Cooke, May 7, 2023, Australian Average Mortgage and More Loan Statistics May 2023, Finder. Data used in this article was extracted from the Australia Bureau of Statistics, (see reference 8).

# 11

## REFINANCES

High equity levels suggest lawyers could be losing out on investment opportunities.

The average property value for refinances stands at \$1,196,854. Remarkably, the average equity held by participants surpasses the remaining loan size of the average Australian<sup>10</sup>. This reaffirms the privileged financial position of legal professionals and their greater affordability. However, there seems to be an opportunity for legal professionals to optimise their financial standing further by leveraging this equity to invest in additional properties and grow their portfolio.



<b>\$695,292</b>	<b>64%</b>	<b>\$500,924</b>
AVERAGE LOAN SIZE	AVERAGE LVR	AVERAGE EXISTING EQUITY

## LAWYERS COULD BE FIRST HOME OWNERS 5 YEARS SOONER

Many legal professionals are not fully leveraging their advantageous position in the lending and property market. Surprisingly, almost 20% of legal professionals purchased with a loan-to-value ratio (LVR) of under 80%. This raises the question of whether more lawyers could be starting their property journey earlier.

### LET'S BREAK IT DOWN

Considering the average income of \$132,475 for a legal professional first home buyer, following the 50-30-20 budgeting method<sup>11</sup>, they could save \$1,595 per month. With an average purchase price of \$876,386, a 10% deposit could be saved in 4 years and 7 months, compared to saving a 20% deposit over 9 years and 2 months.

This finding suggests that lawyers have the potential to purchase a property five years earlier than the average Australian by fully capitalizing on the benefits available to them as legal professionals. By purchasing with a 10% deposit and avoiding lenders' mortgage insurance (LMI), they can expedite their entry into the property market.

11. The 50-30-20 budgeting method refers to splitting your income into three categories: needs (50%), wants (30%) and savings (20%).



# 13

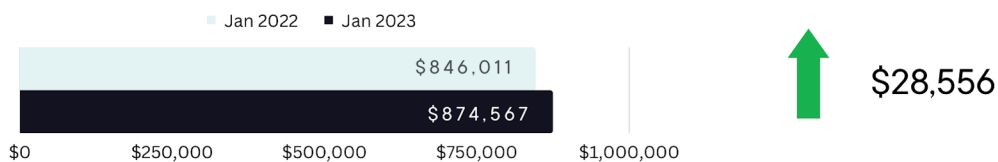
## IMPACT OF THE RATE RISES

On average, legal professionals are paying an additional \$1,100 per month more on their home loan than they did a year ago.

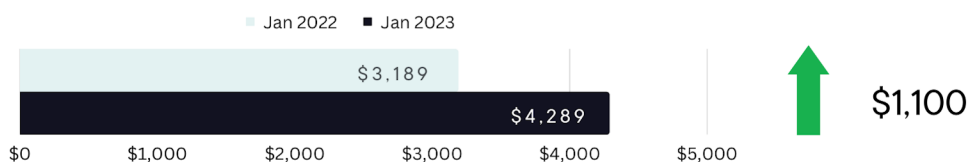
The Reserve Bank of Australia (RBA) has implemented a series of interest rate hikes since May 2022, resulting in 11 consecutive months of increases from 0.10% to 3.85%<sup>12</sup> (as of May 2023). This current interest rate is the highest it has been in over a decade, significantly impacting loan repayments and new home loan commitments throughout 2022. To understand this impact, we compared data on loans settled in January 2022 to those settled in January 2023.

Our analysis revealed that legal professionals are now facing an almost 2% increase to their interest rates, leading to an additional \$1,100 in monthly repayments. Consequently, the loan-to-value ratio (LVR) for loans settled in January 2023 dropped by 5%, with more participants opting to provide a larger deposit to mitigate the effects of rising interest rates. It is also important to note that the 2% increase is significantly lower compared to the overall RBA cash rate rise, mainly because certain participants were able to obtain better discounts or have fixed interest rates through the LHL service. This highlights the increased importance for lawyers to leverage their professional status and the associated benefits to enhance their borrowing capacity and secure their dream homes, staying ahead of the average Australian.

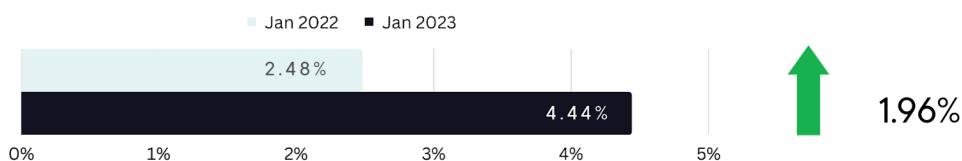
Average Loan Size



Average Repayment



Average Rate



SEGMENT COUNT 84

12. Reserve Bank of Australia, March, 2023, Cash Rate Target, (see reference 9).

## GLOSSARY

### Equity

Equity is the difference between your property's value and the remaining loan balance. It is the amount the borrower owns outright on the property.

### Lenders Mortgage Insurance (LMI)

Lenders Mortgage Insurance (LMI) is a fee banks and lenders charge when borrowing more than 80% of the property value. It is insurance that protects the lender in case of a default and is a one off payment by the borrower.

### Loan-to-value ratio (LVR)

The loan-to-value ratio is a term used by lenders to refer to the amount the applicant needs to borrow, calculated as a percentage of the property's value. It is the loan amount divided by the property value. If the LVR is higher than 80%, the average Australian without a professional status may need to pay Lenders Mortgage Insurance.

## REFERENCES

1. Caroline Tomiczek et.al., June 2022, 2022 National Profile of Solicitors, Urbis, <https://www.lawsociety.com.au/sites/default/files/2023-05/2022%20National%20Profile%20of%20Solicitors%20-%20Final.pdf>
2. Australian Bureau of Statistics, January 2022 - December 2022, Lending indicators, ABS <<https://www.abs.gov.au/statistics/economy/finance/lending-indicators>>.
3. Australian Bureau of Statistics, March 2023, Lending indicators, ABS, <<https://www.abs.gov.au/statistics/economy/finance/lending-indicators/latest-release>>.
4. Australian Bureau of Statistics Dec-quarter-2022, Total Value of Dwellings, ABS, <<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/total-value-dwellings/latest-release>>.
5. Tarric Brooker, July 2022, Median age of Australia's first homebuyers shows how radically housing has changed, news.com.au, <<https://www.news.com.au/finance/economy/australian-economy/median-age-of-australias-first-homebuyers-shows-how-radically-housing-has-changed/news-story/8c6ec01bae67823d323f362f3c53cd87>>.
6. Australian Bureau of Statistics, Nov 2022, Average Weekly Earnings, Australia, ABS, <<https://www.abs.gov.au/statistics/labour/earnings-and-working-conditions/average-weekly-earnings-australia/nov-2022>>
7. Sophie Wallis, August 2022, First Home Buyer Report 2022 , Finder, <https://dvh1deh6tagwk.cloudfront.net/finder-au/wp-uploads/2022/08/First-Home-Buyers-Report-2022.pdf>
8. Cooke, Graham, May 2023, Australian Average Mortgage and More Loan Statistics, Finder." <<https://www.finder.com.au/australian-home-loan-statistics>>.
9. Reserve Bank of Australia, Cash Rate Target, March 2023, <<https://www.rba.gov.au/statistics/cash-rate/>>.

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