The Ultimate First Home Buyer Guide - Australia 2026 Government Schemes, Grants, and More

Buying your first home in Australia has never simply been about finding a property and getting a mortgage.

In 2026, first-home buyers have access to a significant range of assistance including government-backed low-deposit lending, shared-equity programs, superannuation strategies, state-based grants and stamp-duty concessions.

Then there is another increasingly important source of assistance: the Bank of Mum and Dad.

The real opportunity isn't necessarily finding one benefit. It is understanding which strategies you qualify for, which can work together and how they can form part of an overall first-home-buyer strategy.

For prospective buyers, parents and financial advisers helping the next generation into property, here is the Lydian guide to getting started.



The Australian Government 5% Deposit Scheme

One of the biggest hurdles facing first-home buyers has traditionally been accumulating a 20% deposit.

The Australian Government's expanded 5% Deposit Scheme can substantially reduce that hurdle.

Eligible first-home buyers can purchase with a minimum 5% deposit, with the Australian Government providing a guarantee to the participating lender.

Importantly, the buyer still owns the property and is responsible for the home loan. This is not a shared-equity arrangement.
The major benefits include:

- Minimum 5% deposit for eligible first-home buyers
- No Lenders Mortgage Insurance
- No income caps
- No waitlists
- Available for a broad range of property types
- Higher property-price caps introduced from October 2025

There is also a Single Parent Stream, under which eligible single parents or legal guardians with a dependent can potentially purchase with a deposit from 2%.

Property-price caps still apply and vary by location. For example, under the current scheme the cap for Sydney and designated NSW regional centres is $1.5 million, while other NSW locations have an $800,000 cap.

The government expanded the scheme from 1 October 2025, removing income caps and uncapping the number of places available.

Government information: Australian Government First Home Buyers – 5% Deposit Scheme.

Help to Buy – The Government Can Own Part of the Property With You

The Help to Buy Scheme takes a very different approach. Rather than guaranteeing part of your loan, the Australian Government contributes equity towards the purchase of the property. Eligible buyers can purchase with a deposit from 2%, with the government contributing up to:

- 40% of the purchase price of a new home
- 30% of the purchase price of an existing home

That potentially leaves the purchaser with a substantially smaller mortgage.

For example, rather than financing close to the entire purchase price, an eligible buyer may combine their deposit, the government's equity contribution and a smaller traditional mortgage. This can reduce both the amount that needs to be borrowed and the resulting mortgage repayments.

For the 2026–27 financial year, the taxable-income limits are currently:

- $103,000 for an individual applicant
- $165,000 for joint applicants
- $165,000 for a single-parent applicant

Property-price caps also apply and vary according to location.

Help to Buy isn't exclusively a first-home-buyer program. Previous homeowners may potentially qualify, provided they meet the scheme's requirements and do not currently own property, subject to certain exceptions.

The trade-off is important to understand: the Commonwealth retains an equity interest in your property. This means Help to Buy needs to be considered as a longer-term financial strategy, rather than simply as a way of obtaining a cheaper mortgage.

Government information: Australian Government Help to Buy Scheme.

Use Superannuation to Help Build Your Deposit

The First Home Super Saver Scheme – FHSS – provides another potential pathway.

Rather than simply accumulating your entire deposit in a bank account, eligible buyers can make voluntary contributions into superannuation and subsequently apply to release eligible contributions and associated earnings towards their first home.

Currently, up to $15,000 of eligible voluntary contributions from any one financial year can count towards the scheme, up to a maximum of $50,000 across all years.

Eligible concessional contributions can include salary sacrifice and deductible personal super contributions, while eligible non-concessional voluntary contributions can also be included.

The tax treatment differs depending upon the type of contribution.
This can make the FHSS particularly interesting for someone planning their first property purchase several years ahead.

It also reinforces an important point:

Your first-home lending strategy ideally starts well before you begin attending open homes.

Someone planning to buy in two or three years may have considerably more options than someone who starts investigating finance after finding a property.

Government information: Australian Taxation Office – First Home Super Saver Scheme.

First Home Owner Grants

First Home Owner Grants remain available in various forms around Australia, but the rules are determined by individual states and territories.

They commonly favour the purchase or construction of new homes, rather than established properties.

Eligibility, property-price thresholds and grant amounts can change, so buyers should check the relevant state authority before relying on a grant as part of their available funds.

The important point is that a First Home Owner Grant may potentially sit alongside other first-home-buyer strategies.

Depending upon the circumstances, a buyer might potentially use a government-backed low-deposit loan, receive a state grant and benefit from a stamp-duty concession.

This is where understanding the entire landscape becomes valuable.

Stamp Duty – Potentially One of the Biggest Savings

After the deposit, transfer or stamp duty can represent one of the largest upfront costs involved in buying property. First-home-buyer concessions vary significantly between states.

New South Wales - Under the First Home Buyers Assistance Scheme, eligible first-home buyers currently receive a full transfer-duty exemption for new or existing homes valued at $800,000 or less.

A concessional rate applies for eligible homes valued above $800,000 and below $1 million. For eligible vacant land, separate thresholds apply. That can represent a significant reduction in the cash required to complete a purchase.

Other States and Territories - Victoria, Queensland, South Australia, Western Australia, Tasmania, the ACT and Northern Territory each operate their own combination of first-home-buyer grants, duty concessions, exemptions and assistance programs. Because these rules change regularly, buyers should check the relevant state revenue authority before entering a contract.

State government sources:

NSW – Revenue NSW
Victoria – State Revenue Office Victoria
Queensland – Queensland Revenue Office
South Australia – RevenueSA
Western Australia – Department of Treasury and Finance / WA Government
Tasmania – State Revenue Office Tasmania
ACT – ACT Revenue Office
Northern Territory – NT Government/Treasury

The Bank of Mum and Dad

Government assistance is only one part of the first-home-buyer equation. For many Australian families, helping children purchase their first property has become part of a much broader intergenerational wealth strategy. Importantly, helping doesn't necessarily mean parents simply handing their children a large cheque. There are several potential strategies.

Gift the Deposit - Parents may provide cash to help their children:

- reach the required minimum deposit;
- reduce the amount borrowed;
- cover some of the purchasing costs; or
- avoid or reduce Lenders Mortgage Insurance where a government guarantee isn't being used.

Lenders will generally want to understand the source of the funds and whether the money is genuinely a gift or is expected to be repaid.

Family Guarantee - Instead of providing cash, parents may potentially use some of the equity in their own property to provide additional security for their child's loan. This can allow the first-home buyer to purchase with a smaller cash deposit and potentially avoid LMI. The structure needs to be carefully considered because the parents are putting their own property and financial position behind part of the child's borrowing.

Bringing Forward an Inheritance - Some families are questioning whether transferring part of an inheritance while parents are alive can create greater family benefit than waiting for an eventual estate distribution. Helping a child enter the property market earlier may potentially allow them to establish their financial position and start building equity sooner. But this is much broader than a mortgage decision. Parents should consider their retirement needs, future aged-care requirements, tax position, estate planning and the interests of other beneficiaries before transferring significant wealth.

Co-Ownership - Parents and children can also consider purchasing property together.
Structures may include joint ownership, tenants in common and other arrangements. Co-ownership creates additional legal, tax, estate-planning and financial considerations and should therefore involve appropriate professional advice.

The Real Opportunity: Stack the Strategies

This is perhaps the most important part of the Ultimate First Home Buyer Guide.

Don't look at each strategy in isolation. An eligible buyer might potentially combine several strategies.
For example:

5% Deposit Scheme

- Stamp Duty Exemption or Concession
- First Home Owner Grant where eligible
- First Home Super Saver funds
- Family Gift or Guarantee

Another buyer may instead use:
2% Personal Deposit

- Help to Buy Government Equity
- Stamp Duty Concession
- Family Assistance

Not every scheme can automatically be combined with every other scheme, and eligibility rules need to be checked.

But this is precisely why first-home buying should increasingly be approached as a financial strategy rather than simply a mortgage application.

The Role of Parents, Financial Planners and Mortgage Advisers

For families already working with a financial planner, the first-home-buyer conversation provides an opportunity for the planner and lending adviser to work together.

The financial planner may help the parents determine:

"How much can we afford to give?"

The lending adviser can then determine:

"What difference does that contribution make to the child's borrowing and purchasing position?"

There may also be a role for accountants, solicitors and estate-planning advisers depending upon the strategy.

This is particularly important where family guarantees, significant gifts, early inheritances or co-ownership arrangements are being considered.

The objective isn't simply to get the child into a property.

It is to help the next generation without unnecessarily compromising the financial security of the previous generation.

Start With the Strategy – Not the Property

At Lydian, we believe the finance conversation should ideally begin **before the property search**.

A first-home buyer should understand:

1. **What can I comfortably afford to repay?**
2. **What is my borrowing capacity?**
3. **How much deposit do I actually need?**
4. **Which government schemes am I eligible for?**
5. **What grants or stamp-duty concessions may apply?**
6. **Can the First Home Super Saver Scheme assist?**
7. **Should family assistance form part of the strategy?**
8. **What property-price range should I actually be looking at?**

Once these questions are answered, the buyer can approach the property market with considerably more confidence.

From The Lion's Den

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Your First Home is a Property Decision – But It Is Also a Financial Strategy

There is no single best first-home-buyer loan. For one person, the Australian Government 5% Deposit Scheme may provide the fastest pathway. For another, Help to Buy may dramatically reduce the mortgage required.

Someone planning several years ahead may benefit from building their deposit through the First Home Super Saver Scheme. Another family may decide that the best solution is a parental gift, family guarantee or carefully planned early inheritance. And in many cases, the best result may come from combining several strategies. **That's where good advice matters.**

At Lydian, we help first-home buyers and their families understand their borrowing capacity, available lending options and the government and family strategies that may help them purchase their first property. For financial planners, accountants and other professional advisers, we can also work alongside you to build the lending component into a broader wealth and intergenerational planning strategy.

Before asking "How much can I borrow?", ask a better question:
"What's the smartest strategy to get me into my first home?"

Talk to Lydian about building your First Home Buyer Strategy.

Government schemes, income thresholds, property-price caps, grants, stamp-duty concessions and lender eligibility requirements can change. Information in this guide is general in nature and current sources should be checked before making a property or financial decision. Lending remains subject to lender credit assessment and eligibility requirements. Financial, taxation and legal advice should be obtained where appropriate.

Get in touch with Lydian

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