

First Home Buyer Melbourne Guide 2026

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First Home Buyer Melbourne Guide 2026

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First Home Buyer Melbourne Guide 2026: Deposits, Government Schemes, Costs & How Much You Can Borrow

Buying your first home in Melbourne is exciting, but working out how much you can borrow, how large a deposit you need and which first home buyer assistance you may qualify for can quickly become confusing.

The good news is that first home buyers in Victoria may have access to several forms of assistance, including stamp duty savings, the Victorian First Home Owner Grant for eligible new homes and the Australian Government 5% Deposit Scheme.

There are also dozens of lenders offering different home loan products, credit policies and approaches to first home buyers.

This guide explains what Melbourne first home buyers need to know in 2026, from saving your deposit and understanding borrowing capacity through to pre-approval, government assistance, buying your property and settlement.

How do you buy your first home in Melbourne?

While everyone's circumstances are different, the first home buying journey will generally involve these steps:

Work out your budget and likely borrowing capacity.

Understand how much deposit you have available.

Check whether you may qualify for first home buyer schemes, grants or stamp duty concessions.

Compare suitable home loan options.

Obtain home loan pre-approval where appropriate.

Start searching for a property within your budget.

Have the contract reviewed by your conveyancer or solicitor before committing where appropriate.

Make an offer or bid at auction.

Finalise your home loan approval.

Complete settlement and move into your first home.

One of the biggest mistakes first home buyers can make is beginning their property search before understanding what they can realistically afford.

Speaking with a mortgage broker early in the process can help you understand your borrowing position, potential lender options and the costs you should allow for before you become emotionally attached to a particular property.

How much deposit does a first home buyer need in Melbourne?

You do not necessarily need a 20% deposit to purchase your first home.

Depending on your circumstances, the lender and any government scheme you qualify for, purchasing with a smaller deposit may be possible.

As a general guide, first home buyers may consider:

5% deposit

Eligible first home buyers may be able to purchase with a minimum 5% deposit through the Australian Government 5% Deposit Scheme.

The Government provides a guarantee to the participating lender, which can allow an eligible buyer to borrow with a smaller deposit without paying Lenders Mortgage Insurance.

10% deposit

Some lenders may consider applications from borrowers with deposits around this level outside government schemes.

However, Lenders Mortgage Insurance may apply, depending on the loan-to-value ratio, lender and individual application.

20% deposit

A 20% deposit will generally bring the loan-to-value ratio to 80% or below, assuming the lender's valuation supports the purchase price.

This can help borrowers avoid Lenders Mortgage Insurance and may provide access to a broader range of lending options.

However, waiting until you have saved 20% isn't necessarily the right strategy for every first home buyer.

A mortgage broker can help you compare the potential benefits and costs of purchasing sooner with a smaller deposit against continuing to save.

What is Lenders Mortgage Insurance?

Lenders Mortgage Insurance, commonly known as LMI, is insurance that generally protects the lender rather than the borrower if the borrower defaults and the lender suffers a loss after selling the property.

LMI may be required where a borrower has a higher loan-to-value ratio.

The cost can vary significantly depending on the lender, loan amount, property value and deposit.

Importantly, eligible buyers using the Australian Government 5% Deposit Scheme can purchase with a minimum 5% deposit without paying LMI.

That can substantially reduce one of the major upfront barriers facing some first home buyers.

Australian Government 5% Deposit Scheme

The Australian Government 5% Deposit Scheme can help eligible first home buyers purchase a home with a minimum 5% deposit.

From 1 October 2025, the expanded scheme removed income caps and waiting lists and made places unlimited for eligible applicants.

Under the scheme, eligible first home buyers can purchase with a minimum 5% deposit without paying Lenders Mortgage Insurance because the Australian Government provides a guarantee to the participating lender.

To be eligible as a first home buyer, requirements include being an Australian citizen or permanent resident aged at least 18, having a minimum 5% deposit, being a first home buyer or not having owned property or land in Australia during the previous 10 years, and purchasing an eligible owner-occupied property within the applicable price cap.

You must still qualify for the home loan under the participating lender's normal credit and lending requirements.

What is the 5% Deposit Scheme property price cap in Melbourne?

For eligible properties in Melbourne and other Victorian capital-city areas, the current property price cap is \$950,000 .

For other areas of Victoria, the cap is generally \$650,000 , while Geelong is treated as a regional centre under the scheme and falls within the higher Victorian capital-city/regional-centre cap.

Both the purchase price and the home's value as assessed by the participating lender must remain within the relevant cap.

Because scheme rules can change, first home buyers should confirm current eligibility and the applicable property price cap before relying on the scheme.

Do first home buyers pay stamp duty in Victoria?

Eligible first home buyers in Victoria may receive a significant land transfer duty – commonly called stamp duty – exemption or concession.

For eligible first home buyers purchasing a Victorian property:

Up to \$600,000: no land transfer duty is payable.

\$600,001 to \$750,000: a first home buyer duty concession may apply.

Above \$750,000: the specific first home buyer exemption/concession no longer applies, although other concessions may potentially be relevant depending on the property and circumstances.

The benefit can apply to eligible new homes, established homes and vacant land.

Eligibility requirements apply, including occupancy requirements.

This is an important consideration when setting your first home buying budget because purchasing a property just above or below a threshold can change the amount of upfront money required.

Your conveyancer or solicitor can help determine the land transfer duty payable for a particular transaction.

Is there still a First Home Owner Grant in Victoria in 2026?

Yes.

The Victorian First Home Owner Grant currently provides \$10,000 to eligible first home buyers purchasing or building a new home valued at up to \$750,000 .

The home must generally be new and not previously sold or occupied as a residence.

Eligible property types can include a house, townhouse, apartment or unit.

The grant is therefore different from the first home buyer stamp duty exemption or concession.

A buyer purchasing an eligible new home may potentially qualify for both the First Home Owner Grant and relevant stamp duty savings, subject to meeting the requirements of each.

Established homes do not qualify for the Victorian First Home Owner Grant.

Eligibility and residency requirements apply, so always check the current Victorian State Revenue Office rules before relying on the grant as part of your purchase.

How much can I borrow as a first home buyer?

There isn't one standard amount that every first home buyer can borrow.

Lenders assess borrowing capacity using factors including:

Your income

Your partner's income if applying jointly

Employment type and history

Living expenses

Existing home, personal or car loans

Credit card limits

HELP/HECS debts and other liabilities

Dependants

Your deposit

The proposed loan term

Interest rates and lender serviceability buffers

Your credit history

The type and value of the property being purchased

Different lenders can assess the same borrower differently.

This is one reason borrowing capacity obtained from one bank shouldn't necessarily be assumed to represent the maximum or most appropriate option available across the market.

A mortgage broker can compare relevant lender policies and help you understand how different lenders may assess your circumstances.

Does HELP or HECS debt affect your first home loan?

Having a HELP or HECS debt doesn't automatically prevent you from obtaining a home loan.

However, compulsory student loan repayments can affect your disposable income and therefore your borrowing capacity.

The impact will depend on your income, outstanding obligations and the lender's assessment methodology.

If you have a HELP debt, disclose it when discussing your borrowing capacity so that your assessment is based on accurate information.

Does a car loan affect how much you can borrow?

Yes, it can.

Existing car loans, personal loans and other credit commitments generally affect the amount of income available to service a new home loan.

Credit card limits can also affect borrowing capacity, even if you don't currently owe the full limit.

Before applying for your first home loan, it can be useful to review your existing debts and unused credit facilities.

That doesn't mean you should automatically close accounts or repay loans without considering your overall position. Your broker can discuss how your existing commitments may affect different lender assessments.

What costs do first home buyers need to budget for?

Your deposit isn't the only money you may need when buying your first home.

Depending on the property and your circumstances, costs can include:

Land transfer duty where applicable

Conveyancing or legal fees

Building and pest inspections

Owners corporation or strata-related costs for some properties

Loan and valuation fees where applicable

Government registration and transfer fees

Home and contents insurance

Moving costs

Utility connections

Rates and other settlement adjustments

Lenders Mortgage Insurance where applicable

An emergency cash buffer after settlement

Understanding these costs before setting your maximum purchase price can help avoid using every dollar of available savings simply to complete the purchase.

Should first home buyers get pre-approval?

For many buyers, obtaining home loan pre-approval before seriously searching for a property can be worthwhile.

Pre-approval can provide a clearer indication of what a lender may be prepared to lend based on the information supplied at that time.

It can also help you set a realistic property search range.

However, pre-approval is generally conditional rather than a guarantee of final approval.

The lender may still need to assess the particular property, obtain a valuation, verify updated financial information and ensure nothing material has changed before providing unconditional approval.

If you're planning to bid at auction, understanding the difference between pre-approval and unconditional approval is particularly important because auction contracts are generally unconditional.

Obtain appropriate legal and finance advice before bidding.

What documents do first home buyers usually need?

Requirements vary between lenders, but preparing your documentation early can make the process easier.

You may be asked for documents such as:

Identification

Recent payslips

Employment information

Bank statements

Evidence of your deposit and savings

Details of existing loans

Credit card limits

Details of living expenses

Evidence relating to other income

Contract of sale once a property is found

Self-employed first home buyers may need different financial documentation depending on the lender and loan type.

Should a first home buyer use a bank or mortgage broker?

Going directly to a bank means that bank can generally discuss its own lending products.

A mortgage broker can consider options from multiple lenders on their approved panel.

That can be particularly valuable for a first home buyer because lenders can have different approaches to deposit sizes, employment, income, HELP debts, apartments, property types and borrowing

capacity.

A broker can also help explain the process from initial borrowing assessment and pre-approval through to formal approval and settlement.

The objective shouldn't simply be finding the lowest advertised interest rate.

A suitable home loan also needs to work with your financial circumstances, property, deposit and longer-term objectives.

First home buyer mortgage broker Melbourne

Natloans has been helping Australians with finance for more than 15 years and has developed a growing home loan and property finance division over the past five years.

Our mortgage brokers help first home buyers understand their borrowing position, compare suitable home loan options from a broad panel of lenders and navigate the process from initial assessment through to settlement.

Natloans provides access to more than 50 lenders and has assisted more than 10,000 customers across its broader finance business.

The business has received more than 900 five-star Google reviews and in 2026 was named Best Finance Brokerage (Office) – Victoria/Tasmania at the Better Business Awards.

Whether you're buying an apartment in Melbourne, a townhouse in the suburbs or your first family home, speaking with a broker early can help you understand what may be achievable before you start making offers.

Buying your first apartment in Melbourne

Apartments can provide a more accessible entry point into some Melbourne suburbs, but finance considerations can differ from buying a house.

Lenders may consider factors such as:

Apartment size

Location

Density of the development

Property valuation

Owners corporation arrangements

Particular developments or postcodes

Whether the property has unusual features

The proportion of similar properties within the development

If you're considering an apartment, particularly a smaller apartment or a property in a large high-density development, speak with your broker before committing to the purchase.

First home buyer mistakes to avoid

Looking at properties before understanding your budget

Online borrowing calculators can be useful starting points, but they aren't the same as a lender assessment.

Understand your financial position before setting your property search range.

Using every dollar for the deposit

Remember the other costs associated with purchasing and moving into a property.

Keeping an appropriate financial buffer can be important.

Assuming your own bank will automatically provide the best option

Your existing

bank may have a suitable product, but it is still worth understanding what other options may be available.

Taking on new debt before settlement

Applying for a car loan, personal loan, new credit card or other credit after obtaining pre-approval can affect your financial position.

Talk to your broker before making significant financial changes during the home-buying process.

Making an unconditional offer without understanding the finance risk

Pre-approval isn't the same as unconditional loan approval.

Make sure you understand the implications of your contract before signing or bidding at auction.

Focusing only on the interest rate

Interest rate matters, but so can fees, features, lending policy, loan structure and whether the lender is suitable for your circumstances.

First home buyer FAQs

Can I buy my first home in Melbourne with a 5% deposit?

Potentially. Eligible first home buyers may be able to purchase with a minimum 5% deposit under the Australian Government 5% Deposit Scheme without paying Lenders Mortgage Insurance. Eligibility, property price limits and lender credit requirements apply.

What is the current 5% Deposit Scheme cap for Melbourne?

The current Victorian capital-city and regional-centre property price cap is \$950,000. Both the purchase price and lender-assessed property value must be within the applicable cap.

Do first home buyers pay stamp duty in Victoria?

Eligible first home buyers pay no Victorian land transfer duty on properties with a dutiable value up to \$600,000. A concession is available for eligible purchases between \$600,001 and \$750,000.

How much is the Victorian First Home Owner Grant?

The current Victorian First Home Owner Grant is \$10,000 for eligible first home buyers purchasing or building a new home valued up to \$750,000.

Can I get the First Home Owner Grant when buying an established home?

No. The Victorian First Home Owner Grant applies to eligible new homes. However, eligible buyers of established properties may still qualify for first home buyer stamp duty savings.

Do I need a 20% deposit?

Not necessarily. Some borrowers can purchase with less than 20%, although LMI or other conditions may apply. Eligible first home buyers using the Australian Government 5% Deposit Scheme may be able to purchase with a minimum 5% deposit without LMI.

Can two people use the 5% Deposit Scheme together?

Eligible first home buyers can apply individually or jointly with one other eligible person, which can include a partner, friend or family member.

Is there an income limit for the 5% Deposit Scheme?

No. Income caps were removed from the Australian Government 5% Deposit Scheme from 1 October 2025.

Does pre-approval guarantee I can buy the property?

No. Pre-approval is generally conditional. Final approval will depend on factors including the property, valuation, updated financial information and lender requirements.

When should I speak to a mortgage broker?

Ideally, before you become serious about making offers. Understanding your borrowing capacity, deposit requirements and potential first home buyer assistance early can help you search within a realistic price range.

Ready to start planning your first home?

Buying your first home doesn't need to start with a property inspection.

A good first step is understanding your borrowing position, deposit, potential government assistance and suitable home loan options.

Natloans' mortgage brokers can help first home buyers in Melbourne and across Victoria compare home loan options from a broad panel of lenders and understand the journey from pre-approval to settlement.

Speak with Natloans today about buying your first home.

Information in this article is general in nature and does not constitute personal financial, legal or tax advice. Eligibility criteria, lending policies, government schemes, grants and property price thresholds can change. Information is current as at September 2026. Check current government requirements and obtain advice appropriate to your circumstances before making a property or finance decision.

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