



THE MORTGAGE BULLETIN



Brett Lucas
Mortgage Consultant

P.O. Box 2033
Clovelly NSW 2031

Call 1300 664 459

or 0421 336 584

brett@ihomeloans.com.au



NEWS FROM BRETT LUCAS

Confronted with a myriad of loan options it is critical for your loan future and personal wealth that you secure the right loan selection.

As your broker we have the advantage of exploring the market in-depth, investigating a range of options and finding a loan to deliver real savings to your hip pocket.

So why not make the most of your broker relationship and take a closer look at your loan performance?

Call for an appointment today.

PROPERTY The Leading Light

Property continues to deliver the best return on investment in Australia with home values increasing over the first seven months of the year to rise by 5.9 per cent nationally (RP Data July 2009). Darwin was the leading light at 10.8% followed by Melbourne (8.5%) and Sydney (6.6%).

These results see real estate continue to provide superior returns compared to shares, commercial property, superannuation and private equities making real estate a wiser choice for investors.

Speak to our team today about how you can make this investment a reality.



Be Smarter and SAVE

THE RATE OF Australians closely scrutinizing their home loans has witnessed a sharp incline in order to take advantage of low interest rates and favourable economic conditions.

The decision to fix or not to fix appears to be the topic receiving the most attention however regardless of your loan type there are opportunities to make considerable savings through smarter and more effective loan payment strategies.

Without radically adjusting the status quo on your home loan you can introduce cost saving measures to increase savings over the life of the loan through less interest paid and a reduced loan term.

Saving tips

Here are our top five tips to reduce debt and save significant dollars across the life of your loan:

1. **Increase regular repayments** – look at reinvesting the amount saved from current low rates by keeping monthly repayments at your former higher rate. For example, an extra \$100 per month on a \$354,000 loan (25 year term) with a 5.74 rate equates to a saving of \$32,557 in interest across the life of your loan and reduces the term by more than 2 years.

2. **Lump sum payments** – voluntary contributions also significantly reduce the

amount of interest you pay over the life of the loan. Rather than having additional funds in other accounts make your money work to reduce your debt and contribute towards your loan.

3. **Increase repayment frequency** – look at varying the frequency of mortgage payments. Consider the difference between monthly payments of \$2,000 (12 x \$2,000 = \$24,000) compared to \$1,000 fortnightly payments (26 x \$1,000 = \$26,000) saving yourself thousands of dollars in interest.

4. **Link your savings** – use your banking options wisely and link your accounts. By linking your savings account to your mortgage you can reduce the amount of interest paid over the course of the loan.

5. **Re-evaluate** – consider whether you need all the bells and whistles currently attached to your loan. You may benefit from a more basic loan type including lower fees and rates.

Explore your options

In addition to the above helpful tips there are further ways you can use your money wisely to reduce the cost of your loan.

Call for an appointment and speak to our team about how you can make the most of smart savings today.

Property market to deliver strong growth



GLOBAL FINANCIAL IMPACTS and the performance of the national economy have resulted in Australians keeping a watchful eye on financial forecasts to determine the implications and flow-on effects to personal wealth.

If statistics are anything to go by the Australian property market has held firm and continues to paint a promising picture with signs of strong growth.

Recent indicators of this growth are the return of investors to the property market, increasing house prices and an increase in housing starts.

According to the AFG's Mortgage Index July figures, 30% of all mortgages were arranged for investors (up from 24.5% in March this year) in comparison to a decrease in new home buyers (19% down from 28% March 2009).

"As every week goes by we're seeing growing

signs of confidence in the property market," according to AFG General Manager of Sales and Operations Mark Hewitt.

"Recent reports of house price increases are stimulating the market as a whole, and encouraging investors in particular."

"That said, because interest rates remain at forty year lows, we'd encourage buyers to take into account the fact that their mortgages will almost certainly cost more to service as the overall economy picks up", Hewitt said.

This investor confidence was also reflected in house prices with the ABS reporting a rise in established house prices of 4.2% following four straight quarters of decline. All capital cities bounced back with Melbourne leading the charge at 5.2 per cent followed by Sydney at 4.9 per cent and Canberra (3.6 per cent).

In addition, economic forecaster and industry analyst BIS Shrapnel predicts that there will

be a dramatic increase in housing starts over the next twelve months.

The company predicts that a sharp increase of 21 per cent in housing starts, to 160,000, in 2009/10, will be the beginning of a four-year upturn for the sector.

BIS Shrapnel's Building in Australia, 2009 - 2024 report suggests that the strength of the upturn in construction will be dependent on the continuation of very low interest rates.

As every week goes by we're seeing growing signs of confidence in the property market

As a consequence and to keep the sector ticking, BIS predicts that interest rates will remain low throughout 2010 to stimulate investors as compensation for a drop off in the First Home Owners Grant (FHOG) and business investment.

BIS predicts that standard variable housing rates will remain below six per cent throughout 2010.

In summary, all indicators point towards the Australian property market continuing to be a sound and strong investment strategy with further gains on the horizon.



BARGAIN PROPERTY ESSENTIALS

Buying a property can be a daunting experience. So what are the things you should be looking for when seeking that elusive bargain?

Most homebuyers have obvious preferences about location and price but what other factors should influence your decision? Here is a quick guide to the top five tips to pounce on your bargain purchase:

1. **DO YOUR RESEARCH** – study the market and be informed about successful bids, prices and local auction results. You will then be able to spot a good opportunity when it presents itself.

2. **QUICK SELLS** – look for properties listed from deceased estates, mortgagee sales and subject to finance conditions that are more willing to settle for less and quickly.

3. **LOOK OUTSIDE THE SQUARE** – ok, it may not look like much in its present state but broaden your thinking to its potential. Assess potential outlays against the price of the property.

4. **EVALUATE** the long-term return on investment – analyse rental yield (aim for at least 7 per cent) and long-term price fluctuations to determine long-term viability.

5. **ACT QUICKLY** – have finance limits pre-approved for when that bargain comes knocking. Establish reliable relationships with builders and quality assurance professionals for quick appraisals that are vital in sealing a quick deal.

With a good understanding of the market you will quickly learn to spot the bargains and avoid the duds. Some careful planning and preparation is all it takes to land a property steal!