

# THE MORTGAGE BULLETIN



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## NEWS FROM BRETT LUCAS

The raft and range of lending options available on the market today can be quite complex and bamboozling for the average consumer.

In this issue, we are giving our mortgage broking services a gratuitous plug to ensure that you are aware of the benefits of securing a loan that provides more than just a good rate.

We have the knowledge, expertise and relationships here to help you thrive financially. Give us a call today to discuss how we can help.

## GEN Y WANT THEIR OWN HOME

A new report has revealed Generation Y (94%) are the most optimistic about housing affordability and are willing to give up their much-loved luxuries to purchase their first home.

Interestingly, 50% of Generation X, 52% of Baby Boomers and 56% of seniors see the property market as less affordable.

The Realestate.com.au Housing Affordability Sentiment Index (HASI) tracked the sentiment of Australians concerning housing affordability and mortgage repayments and what consumers were willing to sacrifice to enter the market.

The report showed that most Australians are prepared to spend less on discretionary purchases (brands and luxuries), entertainment and recreation to make owning a home a reality.



AUSTRALIAN PROPERTY INVESTORS are optimistic but cautious after interest rates remained on hold and the market continued to soften.

The latest RP Data – Rismark Home Value Index showed that the rate of home value declines continued to moderate (0.2% in June 2011) with continuous monthly drops of less than 0.5% over the last quarter.

This decline verifies the softening of the Australian property market amid hesitation from investors.

## Global uncertainty

Economic conditions, particularly in Europe and the United States, are causing concern impacting the level of consumer confidence locally and driving more scrupulous monetary management.

Reserve Bank Governor Glen Stevens elaborated stating that 'the uncertainty and financial volatility is reducing confidence and may result in more cautious behaviour by firms and households in major countries.'

"Most asset prices, including housing prices, have also softened. The exchange rate is high. Each of these variables is affected by other factors as well, but together they point to financial conditions being tighter than normal," said Mr Stevens.

## Rate forecast

Looking forward, interest rate movements will again prove to be the biggest determinant on the Australian property scene with experts closely monitoring the level of inflation as a gauge of future rises.

Rismark's economist, Christopher Joye, commented, "We think the RBA is likely to raise rates at least once or twice more to address Australia's burgeoning inflation problem, which means dwelling values will probably soften a bit further. This should open up attractive investment opportunities."

"Higher rates means the rental market will tighten beyond its already firm levels, with vacancy rates near all-time lows. In turn, this will drive rents and yields even higher.

Alternatively, if rates decrease, affordability is expected to be the best in Australia for more than a decade which is likely to propel a recovery and provide immense incentive for investors. "Patient folks opportunistically investing in housing are probably going to find the best prices, and valuation fundamentals, that they will have had access to in a long time," said Mr Joye.

Hence, irrespective of rate movements investors are well positioned moving forward. Call us today to discuss investment market opportunities.

## WHY USE A MORTGAGE BROKER?

LET'S BE HONEST, one of the most daunting and time consuming tasks is searching for that optimum home loan deal that we think is doing our back pocket and finances justice.

The perceived value might be there but how do you know there isn't another option more profitable and worthwhile? You may not be privy to that level of information but we, as mortgage brokers, are.

Mortgage brokers are used as an intermediary between borrowers and lenders. We are investigators and negotiators for finding the right loan and/or lending conditions that suit individual needs. Our expertise means we have intimate knowledge of the investing landscape and how this can best be maximized.

Look at us similar to a travel agent or real estate agent. They do the work for you and present you with a range of options. Not only that, they provide detailed expert advice and knowledge beyond that of individuals evaluating for themselves.

Information is customized and tailored to individual circumstances and the right solution is sought to deliver the best (and most profitable) outcome for you.

Mortgage brokers are well versed in the wide variety of products and offerings by all lenders – banks, credit unions and



independent borrowers and importantly, finding the right loan isn't always about finding the best rate – its about ensuring you get the best service over the long-term from your loan.

Negotiating your loan type and conditions could be the difference between \$2,000 to \$10,000 annually, so it pays to research this investment carefully and give it the scrutiny it deserves.

Here are five benefits of using a mortgage broker:

1. **Tailored loan** – mortgage brokers search and negotiate the loan that best suits your individual needs. Loan options are highly customized via knowledge, relationships and expertise.
2. **Save time and money** – avoid the painstaking task of comparing loans and lenders and let us do the work for you.

Most brokers are also paid commission by the lenders meaning you receive this service for free.

3. **Lender assessment** – find a range of loans applicable to your financial situation and compare them accordingly with set criteria applied.
4. **Expertise** – well versed on the ins and outs of lending and lenders, mortgage brokers use industry knowledge to make best use of your money.
5. **Loan approval** – find you the right loan and then help with the critical application process.

Using a mortgage broker could ultimately mean the difference between being approved for your next loan.

Contact our team today to find out more about your lending options.

## MOBILE PROPERTY HUNTING

When out inspecting properties or attending auctions are you using technology effectively to help find the best property solution?

In our information-rich age we have a wealth of information at our disposal and there have been some great progressions to help budding property investors make more informed and smarter choices.

Today, just about every real estate body and major banking institution has mobile applications to equip you with everything you need to know in making your purchase decision.

The benefits involve immediate and detailed data allowing investors to compare, assess and analyse investments quickly and efficiently.

If you are not yet on board, here are some examples of how technology can help your property search:

**MOBILE SEARCH FOR HOMES** to buy and rent relevant to location and type (rooms, price).

**PROPERTY REPORTS** – up-to-date and immediate information including suburb profiles, growth areas and hot spots.

**SALES HISTORY** – access prices for nearby houses sold.

**SHORTLIST PROPERTIES** – list and store favourites for comparison.

**CHECK** open home and auction times and add to your mobile calendar to coordinate your house hunting

**CALCULATE** mortgages immediately

Investors – **EVALUATE AND COMPARE** properties to assist performance projections.

**CONTACT SALES AGENT DIRECT** – one tap and agent is at your disposal

Just search for either 'real estate' or 'property' in your mobile application store to explore the range of technology options available.

