



## Financial Services

Home Loans • Commercial Loans • Business Loans

Hi ,

Finally some great news about the international border reopening! Meanwhile, here's what's making news in property and finance:

- Borrowers set home loans record
- First home buyers get savings boost
- Homebuilding costs rise 7.3%
- How to prepare for rate rises

### **FIXED RATES:**

The tide has certainly turned with interest rates. Variable rates remain steady (for now), but fixed rates have risen a LOT in the last few months. If you are thinking of fixing; do it soon, as the fixed rates are constantly on the move at present!

### **BUSINESS LOANS & COMMERCIAL LOANS:**

We have a ground-breaking new policy niche for business loan refinances!

In a nutshell, this new policy is for refinancing either Secured or Unsecured business loans. Provided that the customer has: 12 months good loan repayment history, we can complete a "dollar-for-dollar" refinance (with possible top-up option capped at 100k) without financials, tax returns, BAS or any ATO docs.

For a secured loan, lowest interest rate is at 2.59% Variable.

For unsecured or partially secured loans, interest rate is case by case (depending on the loan size), but the bank guarantees that the new repayment, will be lower than your current payment amount

For a limited time only for the above, the loan approval fee (LAF) is a flat \$500 and the valuation fee is covered by the bank (for up to \$2000). On a \$1m loan a business loan, the LAF can be as high as \$10K, so \$500 is unheard of! Plus a free valuation on top of that!



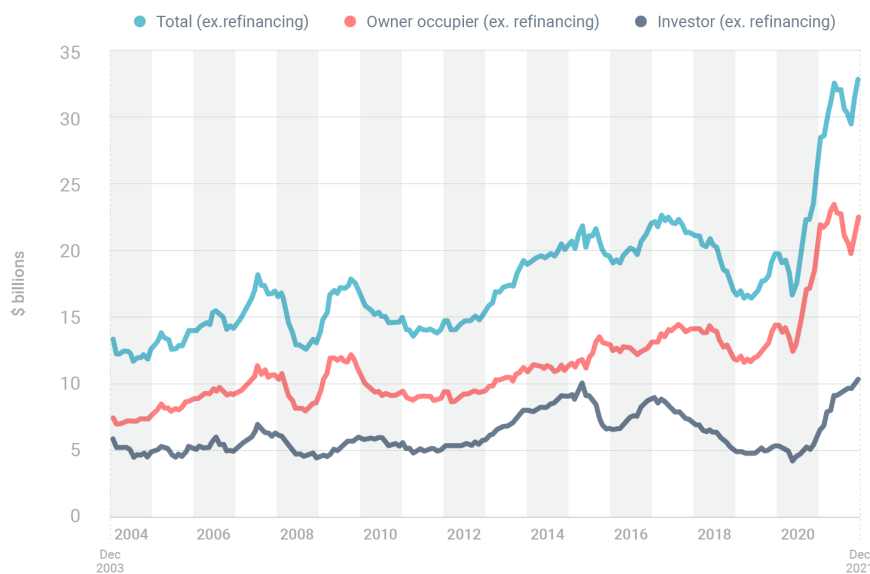
## Strong property market drives record home loan activity

Home loan activity reached a record high in December, according to the latest data from the Australian Bureau of Statistics, in a sign the property market remains strong.

Australians committed to \$32.8 billion of mortgages in December, which was 4.4% higher than the month before and 26.5% higher than the year before. The breakdown was:

- Owner-occupier loans = \$22.5 billion (up 5.3% monthly, 12.4% annually)
- Investor loans = \$10.3 billion (up 2.4% monthly, 73.9% annually)

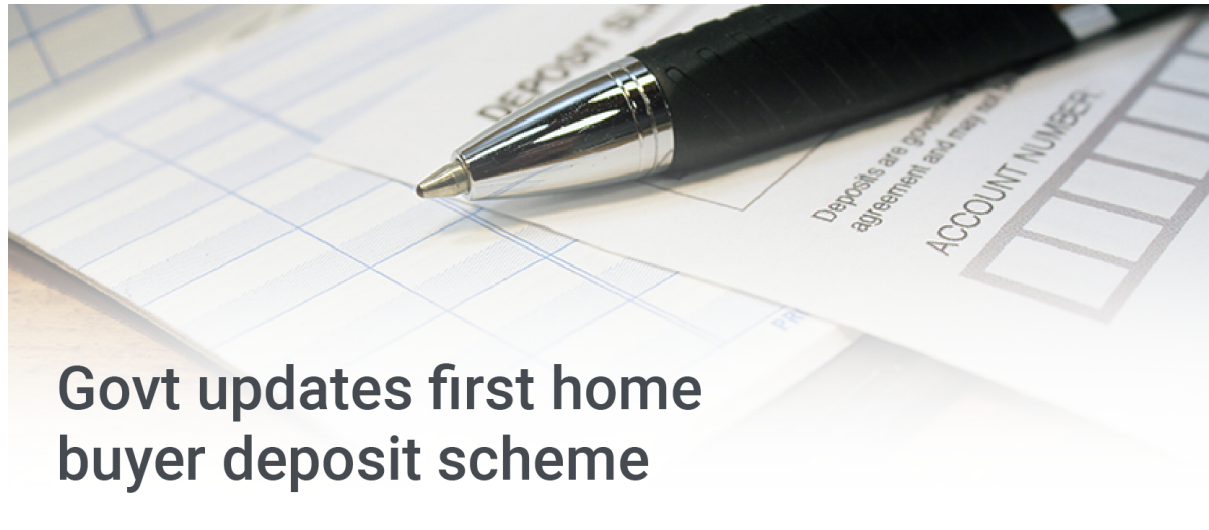
New loan commitments December 2003 to December 2021



One reason so many Australians are entering the market is because it's been booming over the past year.

Another is that despite speculation that interest rates might increase later this year, rates are at ultra-low levels and would still be very low even with a rate rise.

Want to compare interest rates? Let's talk



First home buyers can now save their deposit even faster, after the First Home Super Saver Scheme savings threshold was increased from \$30,000 to \$50,000.

The scheme lets first home buyers salary-sacrifice pre-tax income into a dedicated account within their superannuation fund – up to \$15,000 per year and now up to \$50,000 in total.

There are two ways in which the [First Home Super Saver Scheme](#) benefits first home buyers.

First, the money they deposit into the scheme is taxed at 15% rather than the income tax rate, which is 19% for someone earning up to \$45,000 and 32.5% for up to \$120,000.

Second, when first home buyers eventually withdraw their money, they're allowed to withdraw their original deposit plus about 4.7% interest, which is a higher rate of interest than they'd earn through a regular savings account. Withdrawals are generally taxed at the marginal tax rate minus 30 percentage points.

Call me if you need a home loan



## Home building costs rise 7.3% year-on-year

The supply chain shortages that have affected so many industries have hit property as well, with residential construction costs rising at the fastest annual rate since 2005.

Home building costs rose 7.3% in the 2021 calendar year, according to CoreLogic's Cordell Construction Cost Index (CCCI).

That said, the pace of growth might be trending down, with costs rising 3.8% in the September quarter but only 1.1% in the December quarter.

Part of the reason costs are rising is because builders are struggling to get their hands on materials such as timber and metal products.

Property developers and home builders are likely to be passing on at least some of these increased costs to people buying homes.

[Need a construction loan? Get in touch](#)



## What you can do today to prepare for possible rate rises

The Reserve Bank has said it will increase the cash rate at some point. When that happens, banks will almost certainly raise their mortgage rates. So what can you do to prepare?

Here are five tips:

- Calculate by how much your repayments would increase if your home loan rose by anywhere from 0.25 percentage points to 1.50 percentage points in the years ahead
- Get ahead on your mortgage now, so less of your loan needs to be repaid if and when those rate rises occur
- Increase your saving rate, so you're covered if your monthly repayments increase
- Contact your lender today to ask for a rate cut – if you threaten to switch to another lender, there's a good chance your lender will agree to your request
- Think about refinancing from a variable-rate loan to a fixed-rate loan

Give me a call if you want to discuss how a rate rise might affect your individual situation.

Get in touch if you need home loan advice