



Property Market Shake-Up

What It Means For You



Hello everyone, and welcome to this week's Flash Friday Finance Updates. It's June 20, and you can tell I'm back in Melbourne because I'm freezing. Goodness knows, after the beautiful warmth of the Philippines, where we were training our team, we've had a wonderful experience there, and the team are doing incredibly well. They're so bright, so I'm so proud of them.

However, I wanted to give you some quick updates on what's happening in the market. There is big talk about properties in Melbourne and Sydney are the next big increase expected. They supposedly are affected more by interest rates than others, although Terry Rider put out some interesting data that said interest rates don't really affect property. It's all demand. It's population growth. But if the population is growing in Melbourne and Sydney, then that's why property prices are more likely to go up there. But that's what's expected, and there'll be some easing supposedly in Adelaide and Perth. So the eastern seaboard is where it's at.

So just to give you a quick update on rates. At the moment, although we are seeing some fixed rates below 5%, which seems like fabulous, anything under 5% feels a lot better than what we've been paying. The actual thing is we are not recommending them because most of the commentators are expecting rates to drop by 1%, possibly over the next 12 months. So it sort of feels like you might be jumping the gun if you fix now. However, if you want that peace of mind, ring us and let's have a chat.

Variable rates, at the moment, we are getting rates around 5.5 into the 5.7s, 5.8 for owner-occupied loans, and from 5.79 up for investment rates. And this all depends on your loan to value ratio and the loan size. So people ring us and say, "Oh, my friend got a five-point whatever". And I'll say, "Yeah, but how much were they borrowing? Was it a million bucks, and then the property was worth 2 million?" So the loan to value ratio was only 50%, and the loan size was over a million. It makes a big difference to what discounts you're getting. So they're the parameters you need to be looking for, and how you present as well as a client - is your credit score fantastic? And if you want some help on that, just give us a call and we'd love to guide you. Have a great weekend, and oh, hopefully we stay warm and I'll see you next week.

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