



FULLY FRANK

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HEARD ANYTHING?

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Loan interest goes gangbusters



Interest us

WILL a further 1 per cent cut in interest rates and a \$42 billion stimulus package feed demand?

It is a tough question which will only be answered in the official statistics months down the track.

As shown by yesterday's retail trade figures, last year's \$10.4 billion stimulus package did indeed help the cash registers keep ringing before Christmas.

While not claiming to be scientifically accurate, one *Fully Frank* measure shows that potential home buyers are now much more interested in getting a home loan.

Internet traffic numbers for home

loan comparison website Help Me Choose have jumped 250 per cent in the past 24 hours compared to the same day last week.

"It has gone gangbusters," said director Dr Adir Shiffman.

Of particular interest is the breakup of those making inquiries about getting a loan.

First home buyers have been particularly prevalent, representing more than half of all inquiries compared to the usual 40 per cent.

That indicates that the combination of attractive purchase grants, lower interest rates, high rents and direct government payments is

pushing a lot of first time buyers to finally take the plunge.

As for the availability of finance, Adir said the level of competition between the smaller players had dropped dramatically and all lenders were being much more conservative.

Loans for more than 90 per cent of valuation had virtually disappeared and mortgage insurance was even being demanded for applicants with a 20 per cent deposit or more.

The falling interest rate environment has led to a dramatic shift away from fixed-rate loans and towards variable-rate.

Net link: helpmechoose.com.au