



REFINANCING TO RUN HOT IN 2011

INVESTORS are tipped to be back in force in 2011, with a survey finding home loan refinancing will be the major source of housing finance activity this year.

A poll by mortgage broker Loan Market found 54 per cent of 137 brokers believed refinancing would dominate the home finance market this year.

Around 39 per cent of those surveyed thought investors would be the dominate force in 2011. Loan Market chief operating officer Dean Rushton said only 6 per cent believed first home buyers would be most active and just 1 per cent thought finance for construction/renovation would surge.

"Our brokers clearly don't see any re-emergence of first home buyers, who were highly active during late 2008 and 2009 while there were greater government incentives on offer," Mr Rushton said.

He said the decision by the Reserve Bank of Australia (RBA) to buck international financial trends and lift official interest rates up to 4.75 per cent during 2010 plus moves to make it easier to switch banks was influencing home owners.

"Australians traditionally are reluctant to change lenders but events of the past 12 months have changed their outlook," he said.

"Home owners on an average \$300,000 mortgage can save up to \$3,000 a year if they can be bothered switching lenders to get a better home loan deals.

"There can be as much as a percentage point difference between the variable home mortgage rates currently on offer and people are starting to realise it's worth shopping around."

Mr Rushton said the four RBA cash rate rises last year and the banks lifting standard variable rates by even greater margins than the central bank had highlighted the benefits to mortgage holders of looking closely at the state of their home loan.

"The events of the past year or so have put a spotlight on the benefits of shopping around, the need for more competition in the home finance sector and also the need to better communicate the potential savings from moving mortgages," he said.



"The differences between lenders and the interest rates and conditions they offer have never been wider.

"But borrowers really need to speak to a professional about their home loan options and mortgage brokers have more insight as to what's going on with the different lenders.

"Although there are still fees involved in switching, there are numerous benefits such as taking the opportunity to reduce debt on credit cards, which have interest rates often more than triple that of an average variable home loan."

relax . celebrate . enjoy



POPULATION GROWTH MAY HAVE PASSED THROUGH

Latest ABS population growth figures confirm what REIWA has been saying for some time now - the fall in property sales is not only being driven by weak consumer sentiment, rising interest rates and the like, but also falling demand from slowing population growth.

The ABS figures for 2009-10 show WA's population growth of 49,100 was 2.2% and still the highest in the country ahead of Queensland (2.0%) and half a percentage point above the national figure (1.7%). However the 2009-10 figure was a full percentage point down from the 70,400 or 3.2% growth recorded just 12 months earlier in 2008-09.

The latest growth rate of 2.2% is back to around the 2005-06 level of 2.1%. A 40% fall in overseas migration and 59% decline in interstate migration were the main reasons for the 30% fall in population growth in 2009-10. The overseas migration figure of 28,200 fell back to 2006 levels whilst interstate migration of less than 2000 is similar to 2003/04. Natural increase was the only growth component in 2009-10, growing by 3% to 18,900, the highest level for WA since ABS started recording a detailed breakdown of population components.

It is no wonder we are seeing a state of market paralysis given such dramatic falls in migration figures. Clearly new arrivals are choosing to meet their housing needs in the rental market initially as Perth's vacancy rate climbed from 3.5% in June 2009 to 4.7% in December 2009 and has since fallen to 3.1% in the 3 months to November 2010. It is a similar story across Regional WA with rental vacancy rates sliding as sales turnover has plunged 25% from mid 2009.



Christmas Colouring In Competition



Congratulations to our prize winner Chayla Argent, and also to our runner up Hannah Hawke who were involved in our 2010 Christmas Colouring In Competition. A big thank you to all of the children who entered with everyone doing a fantastic job!



Northside Home Loans

0402 158 676
Steve Langoulant



Disclaimer

This newsletter has been prepared by Northside Residential. Every effort has been made to ensure the contents are accurate at the time of publication. Northside Residential takes no responsibility for any subsequent action that may arise from the use of this newsletter.

Northside Residential Joondalup

Unit 4, 80 Grand Boulevard
Joondalup WA 6027
P: 08 9300 2283
F: 08 9300 1854

Northside Residential Greenwood

Shop 6, 130 Coolibah Drive
Greenwood WA 6024
P: 08 9203 9800
F: 08 9203 9811

Northside Home Loans Northern Suburbs

Steve Langoulant
(Mobile Consultant)
M: 0402 158 676
E: stevel@northsidere.com.au