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Mortgage market gearing up for a busier year

- Biggest surge in home borrowers for 2 years!
- First home buyers back to 20% of market for first time since February 2010
- Big increase in number of home loan applications through RateCity.com.au

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Australia's mortgage market is gearing up for a busier year, a new analysis by Australia's best financial comparison site RateCity (www.ratecity.com.au) suggests.

Lower property prices, two successive Reserve Bank of Australia (RBA) interest rate cuts, and aggressive discounting by lenders eager to kick start the borrowing market, have all combined to point to growth in 2012. First home buyers have started to return to the market, with recent RBA data showing that they make up one in five (20 percent) of all mortgages for the first time in almost two years.

Damian Smith, RateCity's CEO, said the mortgage market is finally picking up the pace.

"This year, the mortgage market looks set to recover from the past two years of slower growth," said Mr Smith.

"While we're yet to see the strong numbers of home buyers from five years ago, lenders are likely to see business improving this year as borrowers react to lower prices and interest rates."

Home buyers started to pick up towards the end of 2011, with almost 51,000 home loans financed in November, according to the latest (original) figures from the Australian Bureau of Statistics (ABS) released last week (January 16, 2012).

“This is the biggest number of home loans financed recorded by the ABS for two years,” said Mr Smith. “The dollar value of these home loans was almost \$15 billion in November alone.”

RateCity’s own data mirrors these trends. Prospective home buyers are flocking to RateCity to compare the best [home loan](#) deals, with an increase in activity over the past six months. Applications for home loans through RateCity jumped by 41 percent in December 2011 compared to July 2011.

RateCity also recorded a 23% increase in home loan applications for the first 3 weeks of January 2012 compared to January 2011.

Mr Smith said financial comparison websites are becoming “the norm” for many prospective home buyers on their search for the best home loan deals.

“Australians are finding real value in financial comparison websites like RateCity, which are proving to be a vital research tool for areas such as the home loans market. In combination with help from a mortgage broker, or direct negotiation with a lender, sites like RateCity are helping to create more confident, informed borrowers.

“The latest technologies have allowed us to provide consumers with market-leading features, including our new calculators, where you can choose to see the real costs of an actual loan product or savings account by placing a product in the calculator.

“For instance, by clicking on the ‘place a product in the calculator’ button, our [home loan calculator](#) shows a home loan’s costs, repayment schedule plus how much you can save by making additional repayments,” said Mr Smith.

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For Further information please contact:

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About RateCity

RateCity (www.ratecity.com.au) is Australia's best financial comparison website, where Australians can easily search, compare and apply for over 13,000 financial products – from credit cards to home loans to car insurance – from over 250 institutions. Our job is to take the hassle out of finding the right financial products online – saving our users both money and time.

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