

## Press release

**For immediate release**  
Tuesday December 13, 2014

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# More borrowers concerned for rising interest rates

- Highest proportion of borrowers fixed home loan through [finder.com.au/home-loans](http://finder.com.au/home-loans) in over 3 years!

**December 13, 2014, Sydney, Australia** – More borrowers are concerned for rising interest rates, with the highest level of fixed home loans in over three years through one of Australia's biggest comparison websites [finder.com.au](http://finder.com.au)<sup>1</sup>.

The proportion of borrowers fixing their home loan through [finder.com.au/home-loans](http://finder.com.au/home-loans) was 36 percent in October – the highest level for the past three years since the cash rate began falling in November 2011.

November 2014 also followed with a high proportion of borrowers fixing through the site, of 33 percent.

Compared to the start of 2014, 25 percent of borrowers were fixing their home loan through the site, and 11 percent were looking to fix in November 2011 (since the first rate cut of this downward cycle).

The number of fixed home loans financed in October were 8,384, the second-highest number of fixed home loans financed this year, according to [finder.com.au](http://finder.com.au) analysis of Australian Bureau of Statistics (ABS) data, released this week.

The proportion of fixed loans financed in October was 15.1 percent. This is also among the highest level all year and it's higher than it was in November 2011 (11 percent).

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<sup>1</sup> Experian Hitwise 2013, 2014

Michelle Hutchison, Money Expert at [finder.com.au](https://www.finder.com.au), said the rise in popularity for fixed home loans could be from many experts forecasting rates to rise next year.

“Even though some experts have changed their forecasts and are now expecting a rate drop before they start to rise, the majority are still expecting rates to rise next year.

“The [finder.com.au Reserve Bank Survey](https://www.finder.com.au) found seven of the 37 leading experts changed their forecast to be a rate drop next year.

“Despite this, they are still expecting rates to eventually rise, so borrowers who have overstretched themselves or concerned should consider locking in a fixed rate home loan.”

Mrs Hutchison said record-low interest rates could also be a factor, with rates among the lowest levels ever recorded.

“This year, we've seen average variable home loan rates fall by 0.24 percentage points – from 5.46 percent in January to 5.22 percent now. The difference in monthly repayments for a \$300,000 loan size over 30 years is \$45 less per month.

“We've also seen fixed rates also take a dive, with the average three-year fixed rate falling by 0.19 percentage points from 5.17 percent to 4.98 percent now. If you fixed a \$300,000 home loan in January you would be paying \$35 more per month than if you fixed now.

“You can now get a variable home loan rate for as low as 4.39 percent (by Heritage Bank) and three-year fixed rates are starting from 4.59 percent (ME Bank and Greater Building Society).

“Lenders have continued to cut home loan rates this year because their funding costs have fallen and they have passed on the savings to borrowers, they also have room to move as they haven't passed on all of the cash rate cuts since rates began to fall in November 2011.

“Fixed loans are usually a barometer for the direction of interest rate movements and with fixed rates still falling, it could be a sign that another cash rate cut could happen next year.

“While there has only been one lender drop a variable home loan rate this month, interest rate movements are still on the move and it's likely that we'll see more drops. Despite this, interest rates are likely to eventually start rising so it's a great time to lock in a fixed rate if you're

concerned about rising rates. Or borrowers could hedge their bets and split their loan so a portion is with a variable rate and a portion is fixed.”

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## For further information:

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