PRESS RELEASE

For immediate release
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Bumper mortgage season ahead as Reserve Bank holds cash rate

- Reserve Bank holds cash rate at 2.00%
- 31 of 32 experts in finder.com.au Reserve Bank Survey predicted no change to cash rate
- Number of home loans expected to spike at 163,105 loans this mortgage season

September 1, 2015, Sydney, Australia – The Reserve Bank of Australia has this afternoon (September 1, 2015) announced the cash rate will remain on hold at 2.00 percent as we enter a thriving mortgage season, according to finder.com.au, one of Australia's biggest comparison websites[1].

The decision to keep the cash rate unchanged following this afternoon's board meeting was no surprise, with 31 of 32 economists and experts in the finder.com.au Reserve Bank Survey overwhelmingly tipping this outcome.

The Survey, the biggest of its kind in Australia, also found that 78 percent of experts (25 experts) are expecting no change to the cash rate this year, while 16 percent (5 experts) believe it will cut by the year's end.

More than half (53 percent) of the experts expect the cash rate to start rising in 2016 (with the fourth quarter of the year the most likely period), while 44 percent of experts surveyed believe a cash rate rise will occur beyond 2016. Defying the trend, one expert – Mark Crosby of Melbourne Business School – predicts a rate rise will occur by the end of 2015.

Michelle Hutchison, Money Expert at finder.com.au, says despite no change to the cash rate, those looking to enter the property market can expect stiff competition this mortgage season.

"We're anticipating more people will take out home loans this mortgage season than any other time this year – 163,105 loans are predicted this Spring (September to November 2015), according to finder.com.au research on total number of home loans for owner occupiers, including non-first home buyers and those who are refinancing.

[1] Experian Hitwise since 2013

“In addition, the property market exceeded expectations in Autumn and Winter this year, with the number of owner-occupied home loans financed up by almost 14,000 on the same period last year.

“Coming out of a very strong Winter period – which is traditionally a quieter time for real estate sales – only indicates that the property market remains strong and that buyers can expect to face a fair share of competition on the auction circuit this spring.”

Total number of owner occupier loans 2015:

Season	2011	2012	2013	2014	2015
Summer	119,736	125,342	132,483	147,150	144,891*
Autumn	130,549	139,735	151,346	154,382	160,738
Winter	133,994	139,082	153,901	155,033	162,660
Spring (Mortgage Season)	138,375	142,895	162,300	160,077	163,105*

source: finder.com.au, Australian Bureau of Statistics Housing Finance. *Predicted

The finder.com.au research also revealed that spring 2015 is predicted to again be the busiest period of the year for first home buyers, an ongoing trend since 2010. An analysis of Australian Bureau of Statistics Housing Finance data found that first home buyer loans are expected to peak for the year at 26,654 loans this mortgage season.

However, the forecasted number of home loans issued to first home buyers this mortgage season is expected to be down on the same period compared to the last three years, when the number of loans exceeded 27,200.

Total number of first home buyer loans 2015:

Season	2011	2012	2013	2014	2015
Summer	21,907	23,219	22,984	24,554	23,168*
Autumn	22,462	24,093	25,995	25,636	24,898
Winter	22,191	26,100	27,356	25,959	26,415
Spring (Mortgage Season)	26,538	27,234	27,415	27,457	26,654*

source: finder.com.au, Australian Bureau of Statistics Housing Finance. *Predicted

With this in mind, Mrs Hutchison says first home buyers must do their homework if they're serious about entering the competitive property market.

"While looking to buy, keep on saving towards a deposit – typically many lenders will require you to come up with at least five percent deposit of the property value. But having a larger deposit can show your lender that you're financially disciplined as well as able to service the loan. Also, if you have over 20 percent deposit, you're unlikely to be required to pay lender's mortgage insurance, which can cost thousands of dollars depending on how much you're borrowing," she said.

"If you're serious about buying, get yourself pre-approval for a home loan if you haven't already. This should be on every first home buyer's checklist and involves a lender examining your financial situation to give you an approved amount to borrow. A pre-approval can give you the upper hand when it comes to negotiating a sale or bidding on auction day. Being a property owner is about being prepared – auction day, and future changes to the cash rate, included."

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