



Tree Changers Drive Regional Prices

Regional areas in the eastern states are booming as city residents seek a sea or tree change to escape a restrictive coronavirus lifestyle and as working from home becomes the new norm.

“Since COVID-19 lockdowns began, there has been an interesting shift in search activity to regional NSW,” says REA Chief Economist Nerida Conisbee.

“The Richmond-Tweed appeal appears to be driven by white collar nomads, released from the shackles of their CBD offices.”

Since June, the Master Builders Association of Victoria has noticed spikes in demand in the three regional cities closest to Melbourne, as well as in Shepparton and Wodonga.

MBAV chief executive Rebecca Casson says the new normal of working from home has combined with the \$25,000 HomeBuilder grant, and \$20,000 in bonus grants for first-home buyers who build a home outside of the city, to rejuvenate the regions.

Other reports state that people are buying properties in South East Queensland, often sight unseen. The overall result is increased demand which is driving up prices, says Conisbee.



FHLDS grants four-year head start to FHBs

The government-backed home deposit scheme has accelerated the home ownership ambitions of prospective first home buyers by an average of four years, new data has revealed.

The National Housing Finance and Investment Corporation (NHFIC) has published its inaugural First Home Loan Deposit Scheme Trends & Insights report, which contains key findings from the first phase of the program – the six months to 30 June 2020.

Among the key insights outlined in the report was that, on average, FHLDS participants without alternative financial means (i.e. those who would have otherwise required a 20 per cent deposit to purchase a home) advanced their home ownership goals by four years.

Reflecting on the NHFIC data, Minister for Housing and Assistant Treasurer Michael Sukkar said the scheme had successfully achieved its objective of easing housing affordability pressures for aspiring FHBs.

“The Morrison government is committed to doing all we can to help Australians get into a home of their own sooner,” he said.

This comes amid findings from a Gateway Bank survey of FHBs, which found that 68 per cent of respondents have delayed their plans to enter the property market in response to the economic impact of the COVID-19 pandemic.

According to the Gateway research, approximately half (50 per cent) of respondents have dipped into their deposit savings since the onset of the crisis, 16 per cent of which have exhausted more than half of their deposit.

As a result, more than half (56 per cent) of such respondents now expect saving for a deposit to take an additional one to three years, while a quarter (25 per cent) said they’ll require at least an additional three years to fulfil their home ownership ambitions.



Bank slashes variable rates

ME Bank has announced that it has cut its rates by up to 59 bps to below 3 per cent on its variable rate Basic Home Loan.

ME's lowest variable rate for new customers is now 2.58 per cent.

New and refinancing owner-occupier borrowers paying principal and interest with a minimum loan balance of \$150,000 are eligible.

Customers applying for the Basic Home Loan variable rate, principal and interest with a loan-to-value ratio (LVR) of 80 per cent or less will see rates start from 2.58 per cent, down from the previous 3.17 per cent.

Those with an LVR more than 80 per cent will see rates start from the 2.99 per cent rate, a 53 bps reduction from the previous 3.52 per cent.

ME general manager, home lending, Andrew Bartolo said: "This new offer delivers exactly what many Australians want – simplicity, low rates and no ongoing account-keeping fees.

"ME's Basic Home Loan is already very simple, with no frills or fancy features and no ongoing account-keeping fees."

All changes are effective from 28 August, with applications submitted on or after this date eligible for the new rates.



Quote of the Week

"CBA data shows a rise in new mortgage applications taking advantage of low fixed rates, and this should provide support to home buying in the future."

CBA chief economist Stephan Halmarick