

# MORTGAGE & FINANCE



- UPDATE -



Award winning brokers - Better Choice Directors Vic Giannakis and Sebastian Scurria.

## BETTER CHOICE MORTGAGE SERVICES WINS AFG EXCELLENCE AWARD. 7 TIMES IN 10 YEARS!

Better Choice Mortgage Services is proud to announce that we have won the AFG Excellence Award – Broker Group of the Year for 2019.

Benchmarking the success and quality of the mortgage broker sector, this recognition is testament to our professionalism and customer focused approach of our integrated service model but is really the ultimate achievement of our hard-working and dedicated staff members.

*Pictured below. Vic Giannakis – Director of Better Choice Mortgage Services with Jeremy Weallands – CEO of AFG at the recent AFG Broker Excellence awards*

- Better** Service
- Better** Solutions
- Better** Communication
- Better** Transparency

- Better** Experience
- Better** Compliance
- Better** Excellence
- Better** Choice



**WINNERS! WA BROKER GROUP OF THE YEAR 2019!**

## WELCOME TO OUR SPRING EDITION



In WA we have noticed greater activity in the property market and more optimism. Sales in some suburbs remain sluggish while others have seen improvement.

The current tariff tussle between the USA and China has sparked fears on global markets, with share prices falling and more uncertainty created for consumers.

After the most recent rate cuts consumers are reluctant to spend their interest savings, opting to focus on debt reduction for both personal and house hold expenditure.

The US yield curve has inverted pointing to recession, which has prompted people to turn to Government bonds. Since the end on last year the Australian 10-year bonds have more than halved, dropping below 1 percent for the first time ever. The rapid turnaround has been remarkable. The fear of a possible worldwide recession has many concerned in the short term as to what may eventuate.

The reserve Bank research department had identified a link between high levels of owner-occupied mortgage debt and a fall in household spending, referred to as the overhang affect.

Australia has been sucked into the vortex of low inflation and very low interest rates. The market indicates a further 0.5% drop by February 2020. Only time will tell if and when this may occur.

Whether further falls result in consumer confidence rising or not will depend upon the WA unemployment rate falling and more positive signs in the business community. Vacancy rates are starting to increase, there has been great activity with more projects either commencing or being considered in the next 3 to 6 months.

On the finance side, we have seen the regulator reduce the qualifying rate that banks apply when we measure what consumers can borrow. This has resulted in consumers being able to increase their borrowing capacity by about 9% on average. The Mortgage Brokers share of the market has continued to grow by a further 2% in the past 12 months and now accounts for a 59% share of the total market.

The competition amongst lenders on promotions, first home buyer rebates, cash back offers, reward points etc has been fierce. Fixed rates have fallen and the present trend indicates they will stay down for some time. We have been flooded with requests for reviews on loan products, price requests and switches both using the client's current lender or with a different lender. We encourage you to get in touch with us if you feel we may be able to assist you to achieve a better deal on your current loan, as the recent policy changes may result in a better loan product to suit your individual requirements.

### CONTACT US FOR FURTHER INFORMATION & GUIDANCE

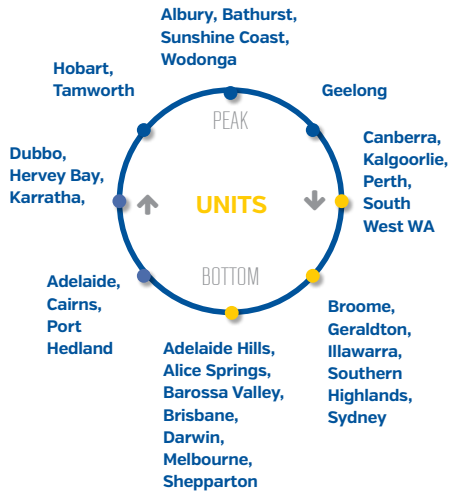
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# NATIONAL PROPERTY CLOCK

As at August 2019



- HERRON TODD WHITE COMMERCIAL -

# URBAN SPRAWL IS DEAD

**Nigel Satterley, WA's biggest private residential developer, has declared an end to Perth's urban sprawl, claiming the metropolitan footprint is set for the next 50 years.**

Mr Satterley said vacant land would continue to be developed, but that there was enough land within the existing footprint of residentially zoned areas to supply housing lots for the next five decades. Satterley has a land bank of 30,000 lots in WA, but with population growing at only 20,000 a year, compare with 120,000 in Melbourne - he expected the existing land supply would last a long time.

He said the sprawl was also being undermined by rising demand for medium-density housing, even in outer suburbia.



"The Government have got their [infill] target guidelines but they are very hard to achieve," he said. "What we are seeing in the 20 to 40 km range is demand for one and two bedrooms and for townhouses. We are [also] seeing that when people have families, they want to get out of apartments and on to their own land, surrounded by good parks and good schools."

*He said dogs were proving to be a drawcard for areas with*

*"There is vacant land beyond those boundaries but I don't see the government zoning more land [for residential] because there is just not the demand for it," he said.*

*bigger blocks. His new estates were increasingly focused on dog parks, with some even having separately fenced areas for big and small dogs.*

His own company, a champion of the house and land package, was increasingly looking at medium-density housing such as townhouses, in a bid to meet the demand for more affordable properties. "We have to offer more sub-market product in our divisions," he said. "The market is looking for a lot more choice and diversity."

He said 90 per cent of his offering was a traditional house and land package, of blocks 375 to 450sqm in size, and 10 per cent was in the smaller block size of about 300sqm.

The State Governments Directions 2031 and Beyond set the current targets of 47 per cent for infill development and 52 per cent for greenfield development by 2050. Mr Satterley said development beyond Yanchep and Two Rocks in the north was unlikely in the next 50-odd years.

But he forecast that in 10 years, medium density housing would account for 20 per cent of his offering and in 20 years, for as much as 30 per cent of his estates. His company would not move into apartment development because it was too risky.

*Urban Development Institute of Australia's Urban Development Index shows 1250 lots sold in the June quarter this year, about half the 2798 new lots sold in the 2013 December quarter.*

- THE WEST AUSTRALIAN -



## SUBURBAN CRAWL: ANNUAL LOT SALES IN PERTH AND PEEL, THE YEAR UNTIL MID 2019

| AREA                    | LOTS SOLD | AVERAGE SIZE | AVERAGE PRICE | PER SQM |
|-------------------------|-----------|--------------|---------------|---------|
| <b>CENTRAL METRO</b>    | 82        | 295          | \$482,614     | \$1,637 |
| BAYSWATER               | 13        | 341          | \$443,232     | \$1,273 |
| CANNING                 | 8         | 240          | \$243,750     | \$1,014 |
| MELVILLE                | 6         | 193          | \$464,333     | \$2,408 |
| NEDLANDS                | 38        | 238          | \$486,824     | \$2,045 |
| SOUTH PERTH             | 11        | 461          | \$712,818     | \$1,548 |
| STIRLING                | 6         | 426          | \$475,500     | \$1,117 |
| <b>NORTH EAST METRO</b> | 1,150     | 367          | \$231,000     | \$630   |
| KALAMUNDA               | 31        | 351          | \$269,226     | \$766   |
| SWAN                    | 1,119     | 367          | \$229,941     | \$626   |
| <b>NORTH WEST METRO</b> | 1,415     | 357          | \$215,888     | \$605   |
| JOONDALUP               | 254       | 266          | \$203,876     | \$767   |
| WANNEROO                | 1,161     | 376          | \$218,516     | \$580   |
| <b>SOUTH EAST METRO</b> | 847       | 380          | \$217,433     | \$572   |
| ARMADALE                | 602       | 360          | \$223,162     | \$619   |
| GOSNELLS                | 42        | 42           | \$299,833     | \$697   |
| SERPENTINE JARRAHDALE   | 203       | 429          | \$183,396     | \$428   |
| <b>SOUTH WEST METRO</b> | 1,160     | 377          | \$219,061     | \$581   |
| COCKBURN                | 359       | 363          | \$295,873     | \$814   |
| KWINANA                 | 372       | 372          | \$196,321     | \$528   |
| ROCKINGHAM              | 435       | 393          | \$175,117     | \$445   |
| PEEL                    | 256       | 457          | \$180,977     | \$396   |





# ASSOCIATED COSTS OF BUYING A PROPERTY

**As investors we are often so focused on negotiating the best possible purchase price that we get fixated on this number – and the deposit we need to save. Consequently, these two figures are the largest to jump out at us.**

Whether it's because the impact of that initial figure catches all our attention, or we simply believe that everything to follow will be 'affordable' in comparison, the other fees involved in the purchase of a property might not register. They should, however, all be factored into the overall buying budget.

## LENDERS MORTGAGE INSURANCE

Previously, buyers were required to hand a lender at least a 20% cash deposit before they could secure a home loan. But today this amount has been reduced to as low as a manageable 5%.

*However, in order to take advantage of this, a borrower will need to pay for lenders mortgage insurance (LMI), which will cover the bank in case your circumstances change and you are unable to continue making your mortgage repayments.*

In other words, this is the insurance the bank takes out to protect itself against any possible risks associated with handing over more than 80% of a property's value. LMI does not protect you the Borrower.

While the cost of LMI can run well into the thousands, depending on how much you're borrowing from the bank, the benefit today is that a borrower is able to either pay this amount up front or spread it across the entire life of the loan.

## STAMP DUTY

Otherwise known as land transfer duty, this is a tax enforced by the state and territory governments whenever a buyer purchases a property, and this fee needs to be paid up front.

The fee varies from state to state, but it can cost a buyer tens of thousands of dollars, depending on how much the property was purchased for. Stamp duties are not a tax-deductible expense.

## CONVEYANCING AND LEGAL FEES

A number of experts will need to come on board to assist a buyer in securing an investment property.

*While a mortgage broker may help you find a home loan that best suits your goals and finances, they will generally not charge you a fee for their service, as the lenders they work with ultimately pay them a commission.*



However, after obtaining a mortgage or a pre-approval for a home loan, you will need funds to pay a settlement agent to handle the legal side of purchasing a property. Not only will they prepare all the necessary legal documents but they will submit them and make sure everything is done correctly and by the enforced due date.

Furthermore, they can assist with the property's change of hands on settlement day, transferring your mortgage, liaising with the bank, lodging and paying the property's stamp duty fee, and giving expert advice along the way.

## MORTGAGE APPLICATION FEE

In addition, there may be mortgage application fee: the cost of establishing or opening your home loan with a lender.

*It's worth asking your lender whether they will consider waiving this fee, as many are known to do so under certain conditions and circumstances in order to get your business.*

## PEST AND BUILDING INSPECTION COSTS

Prior to finalising the purchase of an investment property, it's advisable to look out for any

problems. Warning signs can include pests on the property, unstable building foundations, dampness, a sinking roof and a subsiding floor.

These are all best assessed by a qualified pest inspector, and a building inspector or surveyor, who have the experience to determine where the problem sits on a risk scale, and how much rectifying it could set you back – that's if you still choose to finalise the purchase of the property.

## HOME, CONTENTS AND LANDLORDS INSURANCE

In most states and territories, building insurance is legally required to be in effect from the date you sign the contract, or from settlement day.

The seller is deemed responsible for the property between the signing of the contract and settlement day. For this reason, buyers are advised to consider taking out building insurance from the date the contracts are signed, just to be safe. Investors should also shop around for a landlord insurance policy that will take effect on settlement day.

*Insurance costs vary from provider to provider. The amount also depends on how long you take the insurance out for, and the type of insurance product you opt for, so it's advisable to get at least three quotes from different providers before making a decision.*

In addition to these sometimes overlooked costs, there may be others that arise – not only throughout the buying process but also following it – such as the cost of an extra set of keys, or minor renovations being required before your tenant can move in.

The first step you can take is to sit down with a qualified and experienced mortgage broker and have them guide you through all the possible fees involved in buying an investment property. That way, you can factor them into your budget well in advance and avoid any unexpected costs.

- [YOURINVESTMENTPROPERTYMAG.COM.AU](http://YOURINVESTMENTPROPERTYMAG.COM.AU) -

# COST EXAMPLE OF BUYING A PROPERTY ON A \$600,000 PROPERTY

| LENDERS MORTGAGE INSURANCE                     |                 |
|--|-----------------|
| *Cost (given deposit of 20%)                   | \$0             |
| STAMP DUTY                                     |                 |
| Cost   | \$22,515        |
| MORTGAGE REGISTRATION & PROPERTY TRANSFER FEES |                 |
| Cost   | \$175           |
| TRANSFER FEE                                   |                 |
| Cost   | \$295           |
| CONVEYANCING AND LEGAL FEES                    |                 |
| Cost   | \$1,500         |
| MORTGAGE APPLICATION FEE                       |                 |
| Cost   | \$0-600         |
| PEST & BUILDING INSPECTION COSTS               |                 |
| Cost   | \$750           |
| <b>TOTAL</b>                                   | <b>\$25,835</b> |

+ plus

| HOME, CONTENTS & LANDLORDS INSURANCE |      |
|--------------------------------------|------|
| Cost                                 | \$/A |

*\* LMI depends on the property's value and how much you decide to borrow.*

## FOR EXAMPLE:

FOR A PROPERTY VALUED AT \$800,000, BORROWING \$700,000 COULD COST YOU ABOUT \$13,500 IN LMI FEES, WHEREAS BORROWING \$750,000 WILL SEE THIS PREMIUM JUMP TO \$37,000 PLUS.

## STAMP DUTY RATES

| PROPERTY VALUE | RATE     |
|----------------|----------|
| \$300,000      | \$8,835  |
| \$600,000      | \$22,515 |
| \$1,200,000    | \$52,916 |



**APPLY NOW** ✓



**HOME  
LOANS**



**BUSINESS  
LOANS**



**CAR AND  
EQUIPMENT  
LOANS**

## INTEREST RATES

**OWNER OCCUPIERS**

**2.98%**

**FIXED FOR 3 YEARS**

\*CONDITIONS APPLY

## COMPARISON RATE

**4.39%**

WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison.



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& Finance**  
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## THESE ARE THE BIGGEST DEAL-BREAKERS THAT ARE TURNING OFF PICKY HOME BUYERS



**If your house stinks, 3/5 potential buyers will walk away. That's according to new research revealing the biggest deal-breakers that turn off picky buyers.**

Topping the list of turn-offs was asbestos, with almost two-thirds of potential buyers refusing to purchase a home constructed using the once-common building material now known to be potentially harmful.

Just as many buyers wouldn't purchase a home in a suburb with an above-average crime rate.

The survey by comparison platform Finder revealed the importance of location when choosing a home, with nine of the top 15 turn-offs related to the position of the property.

Half of those surveyed wouldn't buy a home near a noisy pub or bar, in an industrial area, close to a major road or highway, under a flightpath, or near a brothel.

About a third of potential buyers were turned off by homes near cemeteries, while 30 per cent of respondents didn't want to be too far from family.

*Bakos said buyers were dismissing properties with floor plan issues, which can be expensive to fix. These include homes without enough storage or smaller than average rooms.*

Properties with a single bathroom incorporating a toilet and shower or bath also had a limited buyer pool.

A lack of natural light – a turnoff for 46 per cent of buyers – is also very difficult and expensive to fix.

**55% LACK OF PARKING WAS A DEAL BREAKER**

North-facing living areas with plenty of natural light are valued by buyers.

While floor plans can be changed, some drawbacks are impossible to fix. Despite an expectation that car ownership will decline, a lack of parking was a deal-breaker for 55 per cent of potential buyers.

### PRE-SALE PREPARATION BOOSTS BOTTOM LINE

Sellers who don't fix up their properties hurt their chances of a good result on auction day, according to Belle Property Annandale principal Robert Clarke.

*"The ones that present well, are clean and tidy, smell nice, are not overly cluttered, and that give a good first impression online are the ones that are generating bigger numbers at the open house."*

Nelson Alexander Kew agent Chris Ewart says taking the time to prepare a property before sale is worth it, and home owners should hire professionals rather than take the DIY route.

"It might take three weeks to knock a house into shape if you're not doing any big things," he said. "Usually it's going to be more cost effective doing your day job and getting a professional to do the work."

*He said cutting costs on a pre-sale renovation can backfire. "You shouldn't put the cheapest carpet in and you shouldn't do the cheapest paint job."*

A cosmetic renovation in a neutral colour scheme that appeals to a wide pool of buyers is the key, and the experts say that styling will pay off.

- DOMAIN.COM -

## SETTLEMENTS AND LEGAL WORK

**MDH LEGAL** are highly recommended solicitors, specialising in the following services:

- Settlements for the sale and purchase of residential and commercial properties
- Settlements for the sale and purchase of businesses
- Strata titles
- Subdivision applications
- Related party transfers
- Deceased estates
- Powers of attorney
- Wills
- Debt recovery

*Melissa Dixon provides a very personalized and cost effective service and will provide a no obligation free quote for any of your settlement and legal requirements on request.*

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