**Homeloan Choices Bulletin**

**Vol 123 – February**

**Fixed rate demand on the rise**

An increasing proportion of mortgage holders are opting for the security of a fixed rate mortgage, with demand for this type of home loan rising month after month.

According to the latest national home loan approval data from Mortgage Choice, fixed rate home loans accounted for 22.97% of all loans written in January, up from 22.04% in December and 19.51% in November.

“The last time fixed rate demand was this high was back in May 2016,” Mortgage Choice chief executive officer John Flavell said.

“It would seem the threat of rising interest rates is enough to encourage a growing proportion of Australian mortgage holders to partly or wholly fix their home loan.

“And while it will remain to be seen what the Reserve Bank of Australia does at next week’s Board meeting, it is fair to suggest that future rate increases are now more likely than not. As such, it isn’t surprising to see an increasing proportion of borrowers opting for a fixed rate home loan.”

Looking ahead, Mr Flavell said we could see further increases in fixed rate demand, especially if the Reserve Bank or Australia’s lenders choose to lift rates in the near future.

Across the country, fixed rate demand was strongest in New South Wales, with this type of home loan accounting for 28.07% of all loans written throughout the month of January.

Western Australia and Queensland weren’t far behind, with fixed rates accounting for 27.67% and 24.09% respectively.

Meanwhile, in Victoria the story was a little different. Within the state, fixed rate mortgages accounted for just 13.91% of all loans written throughout January.

Variable rate home loans, specifically ongoing discount products, remained the most popular product with borrowers across the country.

Mr Flavell said regardless of whether borrowers were opting for fixed or variable rate home loans, they can be guaranteed of securing a sharp rate.

“Interest rates are still incredibly low by historical standards, making now a great time to be a borrower or a buyer,” he said.

For archived copies of the Homeloan Choices bulletin, please refer to <http://www.mortgagechoice.com.au/about-us/homeloan-choices-newsletter>.



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|  | **NSW/ACT** | **VIC/TAS** | **QLD** | **SA/NT** | **WA** |
|  **Variable** | **71.93%** | **86.09%** | **75.91%** | **81.62%** | **72.33%** |
| ***Basic Variable*** | 11.80% | 18.13% | 16.89% | 25.11% | 13.71% |
| ***Standard Variable*** | 11.82% | 16.08% | 9.89% | 9.74% | 6.60% |
| ***Ongoing Discount*** | 43.07% | 40.25% | 38.80% | 39.83% | 46.58% |
| ***Line of Credit*** | 0.79% | 1.72% | 0.39% | 0.56% | 1.06% |
| ***Introductory Rate*** | 4.45% | 9.91% | 9.94% | 6.38% | 4.38% |
|  **Fixed** | **28.07%** | **13.91%** | **24.09%** | **18.38%** | **27.67%** |

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**Important information**

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**About Mortgage Choice**

Mortgage Choice is an ASX listed company that seeks to help Australians with all of their financial needs.

Established in 1992, Mortgage Choice was originally established to help Australians improve their financial situation by offering a choice of home loan providers, coupled with the expert advice of a mortgage professional.

Since that time, the company has grown and developed into a fully fledged financial services provider.

Today, Mortgage Choice helps customers source car loans, personal loans, credit cards, commercial loans, asset finance, deposit bonds, and risk and general insurance.

Further, the company offers Australians access to real, relevant and affordable financial advice through our qualified financial advisers.

Mortgage Choice has no balance sheet or funding risk, and consistently delivers strong profits and attractive yields. It listed on the ASX in 2004 (MOC) and is a member of the Mortgage & Finance Association of Australia (MFAA).

Mortgage Choice holds an Australian Credit Licence: no. 382869 and Mortgage Choice Financial Planning Pty Limited holds an Australian Financial Services Licence: no. 422854. Both licences are issued by ASIC.

Recent recognition: 2014 Australian Broking Awards *Best Diversification Program;* 2013, 2012, 2011 Australian Broking Awards *Major Brokerage of the Year – Franchise*; 2013, 2012 Australian Broking Awards *Best Ethical/Social Responsibility Program*; 2012 Australian Broking Awards *Best Training and Education*; No.1 on The Adviser magazine’s 2012, 2011, 2010 and 2009 *Top 25 Brokerages* list; 2012, 2010, 2009, 2008, 2006 and 2005 MFAA Awards *Retail Aggregator/Originator of the Year*; 2011, 2010, 2009 and 2008 10 Thousand FEET *Top 10 Franchise list*; 2010 Forbes Asia-Pacific *Best Under A Billion list*.

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