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Crystal ten Krooden

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☎ 02 9944 6825

✉ crystal.ten.krooden@mortgagechoice.com.au

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CHOICES

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Better choices
for a better life

News from...

THE TEAM



Crystal ten Krooden

Welcome to your Summer edition of Choices!

The days are getting warmer and the festive goodies are lining store shelves – it must mean we are racing towards the end of the year. That makes it worth a quick look back at some of the key events of 2018. And what a year it's been!

The last 12 months have seen the property markets of Australia's two largest cities – Sydney and Melbourne, pull back from the extraordinary price growth of recent years, and as a result many homes in those areas have become a lot more affordable.

Property markets move in cycles, so undoubtedly at some stage home values will once again swing upwards in those cities where prices are currently cooling. But for now, home buyers have a golden opportunity to achieve their property goals while home loan interest rates are still very low.

We also saw the three of Australia's largest banks announce higher home loan interest rates. This goes to show that homeowners can never be complacent about their loan and we've received plenty of enquiries from customers wanting to know if they should switch. If your home loan repayments have risen, give your local Mortgage Choice broker a call - you don't have to accept a higher rate.

We hope you enjoy your summer edition of Choices, if there's anything you'd like to learn more about, don't hesitate to contact your Mortgage Choice broker.

The information provided in *Choices* is for general education purposes only and does not constitute specialist advice.

☎ 02 9944 6825

✉ crystal.ten.krooden@mortgagechoice.com.au

🌐 MortgageChoice.com.au/crystal.ten.krooden

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Are we building too many apartments and will the demand keep up?

City skylines are dotted with cranes all working to build new apartments. But could the market be facing an oversupply?

OVER THE PAST 25 YEARS, THE NUMBER OF APARTMENTS IN AUSTRALIA HAS INCREASED BY 78 PER CENT¹. THERE ARE NOW WELL OVER A MILLION APARTMENTS IN AUSTRALIA – UP FROM LESS THAN 700,000 BACK IN THE EARLY 1990S².

We've seen phenomenal growth in apartment construction. The number of apartments built each year has tripled since 2009, and apartments now account for around one-third of residential building approvals³.

Demand for apartments has skyrocketed

Much of this growth has been driven by home buyer demand. More Australians than ever are choosing apartment living. One in ten of us now live in an apartment⁴ – motivated by low maintenance lifestyles and in many cases, affordability. According to the RBA, the median price of apartments is around 30 per cent lower than houses⁵.

The flurry of apartment construction has seen some commentators raise the issue of a possible oversupply. The Housing Industry Association (HIA) believes the pace of construction could cool in the months ahead though not necessarily because of an oversupply.

Rather, developers may put construction plans on hold in response to a number of factors including recent falls in property prices, tighter lending standards, and disincentives to overseas buyers⁶. The HIA also noted that the slowdown in apartment construction is likely to be focused on metropolitan Melbourne and Sydney.

Buyer demand continues to underpin the market

On the flipside, today's more affordable property market is attracting first home buyers back into the market⁷ – and for these buyers, apartments are often an ideal first home. This can offer real support in terms of underpinning apartment values.

Additional demand could come from the nation's 5.5 million baby boomers⁸, who may be more likely to downsize to an apartment, encouraged by new legislation that allows income from the sale of a family home to be contributed to super.

As a clear example of how fears about an apartment downturn can be overblown, in 2017 we saw a number of media headlines spruiking a 'glut' of apartments in Brisbane. Yet the latest figures from property research group CoreLogic show apartment values in Brisbane have risen 0.8% over the past year⁹. If we focus on inner city Brisbane, where many pundits said the oversupply was greatest, property values have actually climbed 2.1% over the last 12 months¹⁰. So much for a downturn.

Are we building too many apartments?

Along with the growing trend of apartment living, it pays to remember that our population is increasing by around 400,000 people annually¹¹. It's a no brainer that all these people need somewhere to live.

In addition, more than a quarter of a million people migrate to Australia each year¹² – often from countries where apartment living is the norm.

The bottom line is that property – be it your home or a rental investment, is a long term asset. And as the RBA has noted, the composition of homes being built in Australia has changed substantially in the past decade. By building more apartments we are simply heading more towards international norms¹³.

The reality is that apartments are set to play an important role in the housing market in years to come. Between first home buyers, new arrivals to Australia and downsizers, the stock of new apartments looks set to be absorbed in the next few years.

If you're holding off on buying a unit because you're expecting prices to slump, you could miss the boat. Why not give your local Mortgage Choice broker a call and they can go through your options with you?

¹<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0-2016-Main%20Features-Apartment%20Living-20>

²<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0-2016-Main%20Features-Apartment%20Living-20>

³RBA Bulletin <https://rba.gov.au/publications/bulletin/2017/jun/pdf/bu-0617-1-houses-and-apartments-in-australia.pdf>

⁴<http://www.abs.gov.au/ausstats/abs@.nsf/Lookup/by%20Subject/2071.0-2016-Main%20Features-Apartment%20Living-20>

⁵RBA Bulletin <https://rba.gov.au/publications/bulletin/2017/jun/pdf/bu-0617-1-houses-and-apartments-in-australia.pdf>

⁶<https://hia.com.au/-/media/HIA-Website/Files/Media-Centre/Media-Releases/2018/national/home-building-continues-to-grow-economy.ashx>

⁷<https://www.treasury.nsw.gov.au/sites/default/files/2018-02/20180211%20-%20Media%20Release%20-%20Berejiklian%20and%20Perrottet%20-%20First%20home%20buyers%20turning%20the%20tide%20in%20NSW.pdf>

⁸<http://www.abs.gov.au/ausstats/abs@.nsf/Previousproducts/3235.oFeature%20Article12014>

⁹<https://www.corelogic.com.au/news/augusthomevalueindexresults>

¹⁰<https://www.corelogic.com.au/news/augusthomevalueindexresults>

¹¹<http://www.abs.gov.au/ausstats/abs@.nsf/o/D56C4A3E41586764CA2581A70015893E?Opendocument>

¹²<http://www.abs.gov.au/ausstats/abs@.nsf/o/66CDB63F615CF0A2CA257C4400190026?Opendocument>

¹³<https://rba.gov.au/publications/bulletin/2017/jun/pdf/bu-0617-1-houses-and-apartments-in-australia.pdf>

When you should refinance your home loan



If you've had a mortgage for a while now, you might be wondering whether you could be getting a better deal in a different home loan product or perhaps with a different lender.

Refinancing involves replacing your existing home loan with a new one in order to secure a more competitive interest rate, reduce your repayments, consolidate your debt or access more flexible loan features.

Here are a few reasons you might choose to refinance:

To secure a more competitive deal

You might be able to move into a loan with a lower interest rate, reduce the value of your repayments each month and give you the ability to pay off your loan sooner.

To access flexible home loan features

You may benefit from accessing certain home loan features such as an offset account or redraw facility.

An offset account is essentially a savings account attached to your home loan which helps you reduce the amount of interest you pay each month. The balance held in this account "offsets" the balance in the mortgage, helping to reduce the interest paid and overall term of the loan.

A redraw facility is a home loan feature that's attached to your mortgage and gives you the opportunity to make extra repayments on your home loan - which helps to reduce the interest costs.

To consolidate debt

You may have taken on other debt since you got your home loan such as credit card, personal loans or a car loan. Refinancing may present the opportunity to consolidate your debt into one loan.

To switch

If you'd like to take advantage of the low interest rates currently on offer, or you want to increase your cash flow - you may want to consider fixing the interest rate on your mortgage. This provides you with repayments certainty each month.

Variable loans on the other hand, can help you pay off your home loan sooner however, you're at the mercy of your lender, the Reserve Bank and the market when it comes to your interest rate with this product.

Things to consider...

It's important to factor in the costs associated with refinancing as you may incur discharge fees when moving from your current loan, establishment fees when starting the new loan, a valuation fee which the lender may charge in order to have your property valued by a professional property valuer.

You may be up for break costs associated with leaving a fixed rate home loan before the term date and you may also incur a settlement fee, which the new lender may charge in order to pay out your current mortgage.

IS YOUR HOME LOAN DUE FOR A HEALTH CHECK? GET IN TOUCH WITH YOUR LOCAL MORTGAGE CHOICE BROKER AND FIND OUT IF WE CAN SAVE YOU TIME AND MONEY ON YOUR HOME LOAN THROUGH A FREE HOME LOAN HEALTH CHECK

Refinancing a home loan has become more complex recently as Australian lenders have tightened their lending criteria. For this reason, it's critical you speak to a mortgage professional if you're considering moving into a new home loan product. Your local Mortgage Choice mortgage broker can assess your existing loan and have a conversation with you about your current financial situation and your goals in order to determine whether there may be a more suitable home loan product for your needs.



Home renovation jobs you can do over the holidays.

Carlene Duffy, Interior Design & Renovation Expert

If you're like me, you get to the highly anticipated Summer holidays and instead of kicking up your feet and sipping on a cocktail, you start noticing all that is wrong with your home and making an exhaustive to-do list.

Roll up the sleeves and get busy because I've got some low-cost DIY jobs to get your home looking good and working hard for you.

Painting

I am a HUGE advocate for painting. It's one of the biggest bang for your buck home jobs, especially if you can do it yourself and let's face it, we all can. Paint can be highly transformative and has the ability to not just freshen up weathered walls, but to completely change the mood of your space. You'll be up for the cost of the paint at approximately \$50-\$100 per room as well as your rollers, brushes, painting tape and sugar soap but I like to think of these as good investments.

Create street appeal

The simple task of cleaning up your front yard can have a huge impact on your front façade. If you've got some cash to spend, source a few more mature plants that can add some height and dimension to the yard. Hot tip: Bamboo grows at a rapid pace making it fantastic for covering unsightly fences.

Resurface your timber floors

If you consider yourself a fairly capable DIYer, have a go at recoating your timber floors. A quick sand and a new coat of clear varnish or stain can re-energise your home. A floor sander can be hired for about \$150-\$200 a day and the time it takes is subject to the surface area of your floors.

Window furnishings

Achieving the right window dressings for your windows is a game changer. Curtains are having a moment in home design and they are the ultimate way to frame a window whilst adding softness and warmth to a home. The good news is, retailers have come to the party by

offering a really good range of ready-made curtains that respond to market demand and can cost as little as \$50 a set. You can install them yourself in only a matter of hours with a ladder, drill and set of screws.

Refreshing surfaces

Simple tasks like water blasting driveways and cleaning gutters are jobs most homeowners can tackle with relative ease. A pressure cleaner can be hired for \$100-\$200 a day and can take you anything from a couple of hours to a full day depending on the size of your property.

Bathroom refresh

You'd be surprised by what you can achieve in your bathroom in one weekend. More than even cleaning the soap scum off your shower screen, you can update your wall tiles with tile paint from your local hardware store. Your floor tiles can be given new life by re-grouting, which although doesn't sound very fun, is far simpler and more cost effective than re-tiling

If you have plans to make major changes to your home, consider seeking specialist finance advice. Talk to a local Mortgage Choice broker to discuss your property goals and

finance options. This may also be a good opportunity to shop around for a more desirable home loan that provides a better interest rate and fees with achievable repayments despite the top up for your renovation.



Backyard activities to keep kids entertained this school holidays.

Turn the humble backyard into a haven of holiday fun with seven budget-friendly hacks to get the kids outside and active over summer.

Sunshine, space and a few clever ideas are all it takes to entice children outside for some healthy – and affordable – backyard fun.

1. Help children discover their “green” thumb

Kids love to play in the dirt, splash around with the hose and watch things grow. Combine all three by giving your children an area of garden to claim as their own. Help them grow a veggie patch – it’s a great way to learn about nutrition, and fail-safe veggies like spinach, beetroot and lettuce can be ready to harvest in just a few weeks.

2. Build your own slip ‘n’ slide

No need to pay expensive entry fees to a water park. Create your own! You’ll need a hose, a few metres of builder’s plastic (pick this up for next to nothing from the local hardware) and a bottle of dish detergent. Lay the plastic out on the lawn, let the kids squirt detergent over it, and then sprinkle with the hose. Kids of all ages are guaranteed to whoop it up on your home grown slip ‘n’ slide and show off some new tricks.

3. Water balloon Olympics

Grab a bag of balloons (home brand varieties are fine), fill a bunch with water and secure the ends. You have the makings of a whole variety of games to keep the kids entertained –

water balloon relays, water balloon hot potato and another – the water balloon toss that will have the kids rolling with laughter. Here’s how it works. Two children stand face to face about a metre apart. One child throws the balloon to the other. If it’s successfully caught, that child takes a steps backwards, increasing the distance the balloon needs to be thrown. Now the second child throws the balloon to their partner. If caught, that child takes a step backwards – and so on. Two children can end up many metres apart before the balloon is dropped and explodes in a shower of cold refreshing water!

4. Host a backyard campout

Host a sleepover with a difference – have a backyard campout. Make the experience as authentic as possible with a tent, sleeping bags, bedrolls and flashlights. If you don’t have camping gear ask around, friends are usually happy to loan theirs. Get the kids to pack everything they’ll need from a change of clothes to drinks and snacks. Expect plenty of giggles rather than lots of sleep – it’s all part of the fun of camping!

5. Create abstract art

Head to your local discount store and grab a few blank framed canvases, or save a bit more by hanging old sheets on the fence. Fill some clean and empty spray bottles with a mix of food colouring and water. Or, if you’re game, go for tubes of water colours. Get some beats happening on the MP3 player to create mood, and let your children discover their inner Jackson Pollock by splashing, tossing, squirting and daubing colour onto the canvas. It’s a great way for children to learn that anything goes in modern art – and you could end up with some very passable abstract works to liven up your home décor.



6. The great paper plane air race

Bring out the aeronautical engineer in your child. Invest in a ream of paper (that's a whole \$5), then set the kids to work designing their prototype aircraft. If you're up for the challenge, just Google "paper aeroplanes" for some very helpful videos (who'd have thought you can get so many different designs from a piece of paper?). When everyone is happy with their aircraft, it's time for lift off! Have a bag of treats for prizes for the highest flight, the longest flight, the most impressive crash and even the shortest flight. It'll give the small fry a greater appreciation of the struggles endured by the Wright brothers.

7. Bury a time capsule

Use this summer to create lasting memories with a time capsule. Grab some poly pipe (a 20 centimetre length is sufficient) plus two caps to keep both ends watertight. Your local plumbing supplier will stock what you need. Then ask your children to jot down what they would like to be doing in ten or 20 years' time. Add current pics of your children, maybe a toy or two, and some other mementos such as the front page of the day's newspaper. Roll it all up, seal it in the time capsule and find a safe spot in the garden to bury your time capsule. Maybe put a large rock on the site as a reminder of where it's located.

The must-dos

As with all outdoor play, reinforce the need to wear sun safe clothes including a hat, regularly apply sunscreen and encourage children to stay hydrated by drinking lots of water. Set aside some time to join in the child's play. Your kids will be grown up before you know it. And that's when it can be very compelling to dig up that time capsule to relive those happy summer days in your own backyard.



Fancy winning \$250 to spruce up your backyard for Summer?

To enter:

1. Follow us on Instagram @mortgage_choice
2. Post a photo of your backyard and let us know what you would change if you won!
3. Use the hashtag #MyMortgageChoiceSummer

Good luck!

@mortgage_choice  #MyMortgageChoiceSummer

For full terms and conditions please visit: <https://www.mortgagechoice.com.au/promotions/competition-terms-and-conditions/>

Better choices for a better life

Is it ever OK to regift?

A guide to the giving and receiving of gifts

With the holiday season fast approaching, you might be thinking about the gifts you plan to buy your loved ones and friends, which can add a lot of stress and anxiety to an already busy time.

Something that might have crossed your mind this time last year was whether it was okay to regift.



When is it okay to regift?

We've all been there before: you receive a gift that you either don't like or have no use for and you can't return or exchange in store. There's no reason why the gift should sit forgotten in a cupboard, gathering dust. Providing it isn't a personalised gift, there's no reason why you can't regift it to someone in a different friendship group.

Should I open the gift?

If a friend or colleague at work gives you a present, you should open it in front of them. People buy you a gift because they thought of you and they hope that you like it as much as they do. It would be rude not to show them how excited and grateful you are for your gift.

Is it okay to ask for a receipt?

Asking for a receipt could be awkward, however if you're close to the person who gave you the gift, it might be a good way to ensure you're comfortable with the gift. By the same token, if you're buying a gift for someone you're close to and it's on the expensive end of the price scale, you might want to provide your loved one with a gift receipt or let them know you kept the receipt if they decide they would like to exchange.

The low down on gift vouchers

If you plan to buy a gift voucher for a loved one, try to get it for a specific store you know they love. Or better yet, buy them an experience they can enjoy. As far as regifting goes, the very nature of gift cards means they are quite an easy present to re-gift.

Party etiquette

If you're invited to holiday parties, remember not to arrive empty handed. You don't have to go over the top or spend a small fortune. It could be something as simple as flowers for the hostess, a bottle of bubbly, or something you've cooked. A word of advice: if you do bring a bottle of wine, don't expect it to be opened on the evening as your host might have planned the wine list already and no matter what, do not take your wine back if it isn't opened by the end of the night - that is just poor form!

NATIONAL HOUSING MARKET KEY STATISTICS

	Change in dwelling values			Total return	Median Value
	Month	Quarter	Annual		
Sydney	-0.6%	-1.5%	-6.1%	-3.2%	\$847,948
Melbourne	-0.9%	-2.4%	-3.4%	-0.5%	\$697,457
Brisbane	0.2%	0.1%	0.8%	4.9%	\$495,474
Adelaide	-0.2%	0.0%	0.7%	4.9%	\$438,570
Perth	-0.6%	-2.0%	-2.8%	1.0%	\$452,138
Hobart	0.4%	0.3%	9.3%	14.7%	\$443,711
Darwin	-0.4%	0.1%	-3.7%	1.8%	\$436,936
Canberra	0.3%	1.0%	2.0%	6.6%	\$598,326
Combined capitals	-0.6%	-1.5%	-3.7%	-0.6%	\$642,531
Combined regional	-0.2%	-0.9%	1.2%	6.2%	\$368,441
National	-0.5%	-1.4%	-2.7%	0.7%	\$550,610

Source: CoreLogic Index results as at 30th September 2018. All figures are current and based on data available at the time the report is published.

Housing market outlook

"The Australian housing market continued to weaken in September, with national dwelling values falling 0.5% over the month, marking twelve months of consistently falling values across CoreLogic's national hedonic home value index.

"We've seen Sydney dwelling values drop 6.1% over the past twelve months and Melbourne values are 3.4% lower. Although dwelling values are still rising on an annual basis in Brisbane, Adelaide, Hobart and Canberra, the rate of capital gain has slowed noticeably in these regions.

The largest declines from the market peak have been in those markets where housing values have been impacted by the downturn in the mining sector.

The housing market has slowed virtually in line with heightened levels of regulation across the finance sector and subsequently, tighter lending practices and a sharp reduction in investment.

While the housing risk profile is heightened, economic conditions remain healthy and mortgage rates are set to remain low into 2020.

Labour markets have strengthened with solid jobs growth, unemployment is continuing to trend lower and under-employment recently reached the lowest level since 2014.

Source: CoreLogic Hedonic Home Value Index September 2018.