

## Fixed rate demand lowest in eight years

Demand for fixed rate home loans fell in June, reveals new data from Mortgage Choice.

According to the Company's home loan approval data, demand for fixed rate home loans fell over the month of June, accounting for 21% of all home loans written.

Mortgage Choice Chief Executive Officer Susan Mitchell said, "This drop in demand for fixed loans is hardly surprising when you consider the spate of variable interest rate reductions that followed the two consecutive cash rate cuts from the Reserve Bank. A snapshot of approval data from last week suggests borrower preference for variable loans is growing.

"If we look at the split of variable rate and fixed rate home loans at the end of last week, we can see a clear shift towards variable rate loans. In fact, this type of loan product accounted for 86.5% of home loan applications submitted by our broker network, and only 13.5% of customers chose to fix. What is truly shocking about this data is that demand for fixed rate loans has not been this low in almost eight years," said Ms Mitchell.

The June approval data revealed that variable rate demand was highest in Victoria, where 86% of borrowers opted for this type of product. This was followed by South Australia (82%), Western Australia (79%) and Queensland (77%). Borrowers in New South Wales were the least likely to apply for a variable rate home loan with 76% choosing this type of product.

Ms Mitchell said, "Both the weekly and monthly data indicates that borrowers know there are great deals to be had. Indeed, the high level of demand for variable rate loans with an ongoing discount reveals that many of our customers are receiving a discount on packaged home loans beyond what lenders are offering. This increase in demand is a combination of our brokers negotiating a better rate with lenders and customers actively asking for a better rate.

"With such great deals to be had, it would be a shame for any borrower to be complacent when it came to the interest rate they're paying on their loan. For most of us, our home loan is our most significant debt, so you are really doing yourself a disservice by being afraid to haggle.

"That being said, I think it's important for borrowers who may be considering a fixed rate to know that we have seen a significant reduction in fixed rates offered by the lenders on our panel, which suggests that the outlook is for rates to remain lower for longer.

"If you are seeking home loan repayment certainty going forward, there are great deals on the market, with fixed rates as low as 3.09% p.a.<sup>1</sup>, high quality borrowers will be in a great position to negotiate.

"If you are considering applying for your first home loan, speak to your local Mortgage Choice broker today about what you can do to increase your chances of submitting a successful home loan application.

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<sup>1</sup> [1] NAB Choice Package Fixed Owner Occupier P&I First Home Buyer 2-year fixed 22/07/19

And, if you wish to refinance your existing loan, your broker can help you get all your loan documentation in order and help negotiate a competitive deal for you with our panel of over 25 lenders” concluded Ms Mitchell.

	Jun-19	May-19	6 Month Average	12 Month Average
<b>NATIONAL</b>				
↑ Variable Rate	79.14%	77.53%	77.66%	78.01%
↓ Basic Variable	21.23%	23.91%	23.98%	24.60%
↓ Standard Variable	15.51%	16.67%	16.38%	15.33%
↑ Ongoing Discount	39.51%	34.60%	34.79%	34.70%
↑ Line of Credit	0.52%	0.16%	0.33%	0.37%
↑ Introductory Rate	2.37%	2.18%	2.17%	3.00%
↓ Fixed Rate	20.86%	22.47%	22.34%	21.99%

	NSW	VIC	QLD	SA	WA
<b>Variable</b>	<b>76.11</b>	<b>86.13%</b>	<b>76.85%</b>	<b>81.86%</b>	<b>79.32%</b>
<i>Basic Variable</i>	15.93%	29.47%	18.39%	35.39%	15.36%
<i>Standard Variable</i>	13.83%	21.35%	14.40%	14.65%	10.27%
<i>Ongoing Discount</i>	45.17%	31.57%	40.77%	25.78%	50.18%
<i>Line of Credit</i>	0.15%	1.15%	0.02%	0.51%	3.51%
<i>Introductory Rate</i>	1.03%	2.59%	3.27%	5.53%	0.00%
<b>Fixed</b>	<b>23.89%</b>	<b>13.87%</b>	<b>23.15%</b>	<b>18.14%</b>	<b>20.68%</b>

**For further information or to arrange an interview please contact:**

Jacqueline Dearle  
Mortgage Choice Corporate Affairs  
(02) 8907 0472  
[jacqueline.dearle@mortgagechoice.com.au](mailto:jacqueline.dearle@mortgagechoice.com.au)

Graciela Gomez  
Mortgage Choice Corporate Affairs  
(02) 8907 0407  
[graciela.gomez@mortgagechoice.com.au](mailto:graciela.gomez@mortgagechoice.com.au)

**Important information**

This article is for general information purposes only. It has been prepared without considering your objectives, financial situation or needs. You should, before acting on the advice, consider its appropriateness to your circumstances.

**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.

Visit [www.mortgagechoice.com.au](http://www.mortgagechoice.com.au) or call customer service on 13 7762.