

ANOVA FINANCE NEWSLETTER



WHAT'S NEW

Help to Buy Scheme

The current government have introduced a 'Help to Buy' scheme which is no longer restricted to first home buyers. Eligible buyers will need a 2% deposit and won't have to pay lenders mortgage insurance.

Under this scheme, Government takes an ownership stake in the property of up to 40%. This aims to assist eligible home owners to enter the property market sooner with a smaller deposit. You are not required to pay rent on the portion of the home the Government owns. However, the homeowner would eventually buy the government's portion, either throughout the term of the loan or when they sell the property.

This scheme has been announced, but has not yet come in to effect.

The former government's 'First Home Guarantee' scheme, is still available and helps first home buyers with a deposit as low as 5% buy a home without paying Lenders Mortgage Insurance. Under this scheme, the government does not own a stake in the home, rather, it acts as guarantor for up to 15% of the value of the property.

Not all lenders will be participating in all schemes. Anova Finance can connect you with one of the participating lenders to take advantage of these schemes.

For more information regarding any of schemes or to see if you are eligible, please contact Fiona for our complimentary service.

CASH BACK

Did you know that some lenders offer a cash back incentive when you apply to refinance your home loan with them?

As well as locking in a better rate, you may be entitled to cash back from your lender of up to \$4,000.

Give Fiona a call to see if we can find you a better deal with refinancing your existing home or investment loan, as well as see if there is any cash back incentive available.

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INTEREST RATES

The Reserve Bank of Australia (RBA) has now raised the **official cash rate** to 2.35%. This is the fifth consecutive monthly increase from the historic stimulus-level low of 0.10%, and has come far sooner than even the RBA itself had predicted. These increases are directly aimed at bringing the rate of inflation back down to a level of sustainable growth. While this is the long term economic strategy, in the short term it means existing variable and new fixed- rate mortgage repayments have increased significantly.

The consensus view amongst leading economists is that there are likely to be more cash rate increases over the next 12 months. If your **fixed rate** is close to expiry or you are **currently on a variable rate**, why not talk to Fiona to see if she can find a better deal for you.



PAUL'S STORY

Paul is a recently divorced dad that hoped to keep his home through the settlement process. He tried to approach his bank of 40 years, but they were unable to find a suitable loan for Paul. He then sought out the advice of Fiona. Dealing with a broker meant Paul was able to secure a loan with a smaller lender. If you are like Paul and need help finding the right loan for you, call or email Fiona to organise a **FREE** consult.

'I cannot speak highly enough of Fiona. She had great knowledge, was down to earth, and made the entire process so easy. With regular updates along the way, she took care of everything for me!'

Paul - a happy Anova Finance customer

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MARKET UPDATE- FROM LOCAL EXPERTS 'RIVER REALTY'



The Road Here

As a result of the pressures of rising global and national inflation, compounded by the typical winter slowdown, River's agents have observed a correction of approximately 5-10% in home values across the Hunter Valley. Though this is only a slight drop from the pandemic-induced boom – which saw many properties jump by 30-40% in value over two years – national media outlets have begun a chorus of negative hype around the property market and economy in general.

This narrative ignores the varied historical effect of interest rates, the ongoing rental vacancy crisis, and the future shortfall predicted by the National Housing Finance and Investment Corporation.

Another issue with taking these views at face value is that they are largely based on data from Sydney and Melbourne. Despite their size, these markets are rarely a good representation of the entire country, and it becomes even more problematic to draw such parallels when the primary driver of the price correction and hesitancy has been interest rates.

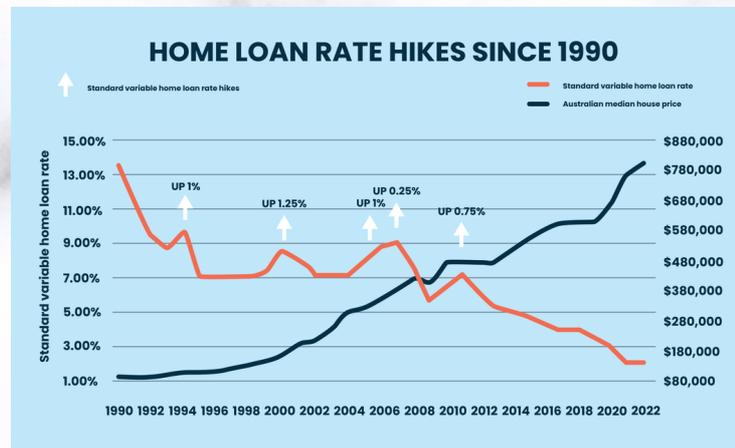
Put simply: the relative affordability of the Hunter Valley makes it far more insulated against rising rates than Sydney, where the median house price is in excess of \$1.3M.

Looking forward

Chad Buckley, one of River's Sales Agents, believes that now is "actually a good time" to both buy and sell:

"The number of people who bought homes during the past two years is smaller than those who were trying to – those buyers who missed out are starting to come back now, and they're used to the idea that rates are rising."

Chad also notes that the pace of the market has slowed, but properties are still moving:



CoreLogic Home Property Value Index, CoreLogic published Monthly Indices Cash rates and standard variable home loan rates, Reserve Bank of Australia Statistics <https://lindemanreports.com.au/prices-will-keep-rising/>

"We're just in a normal market now; it's calm instead of crazy, and both sellers and buyers can take a breath throughout the process. Those huge price corrections predicted in the news? I think we've largely hit the extent already."

In terms of future movements in value, Chad maintains that it's "risky" to try timing the market:

"There is potential for further reduction in the Hunter Valley – between 2-5% - but as of right now, I think we're realistically heading toward a plateau. The Commonwealth bank has already tipped rates to start coming down at the end of 2023, which could see that plateau break into more growth."

What's also worth remembering is the myriad reports of a housing collapse at the beginning of the pandemic, reinforcing the fact that there are no crystal balls to predict any market.

The next best thing? Arming yourself with good-quality, geographically relevant data, knowing your goals and the timeframes around them, and having a strong informational support network from people you can trust in the local area.