



Latest figures show approved home loans rose 4.4 per cent in September, the biggest gain in six months. PHOTO: GLENN HUNT

Increasing number of buyers choose mortgage brokers

George Liondis

A greater number of home buyers are turning to mortgage brokers when they take out a home loan as the property market heats up.

New figures show almost half of all home loan borrowers used a broker to choose a mortgage in the September quarter as buyers rush to take advantage of record low interest rates.

Mortgage and Finance Association of Australia chief **Phil Naylor** said the market had continued to gather speed since the end of September.

"In the September quarter, it [activity] has bumped that up a bit more. And what we are hearing from the major broking groups in October and November to date is that they are writing a lot of business so we would expect that percentage to be maintained and most likely increase," Mr Naylor said.

According to the MFAA's figures, mortgage brokers wrote 46 per cent of all home loans taken out in the three months to the end of September, amounting to \$32 billion.

This compares to about 40 per cent 18 months ago and a low of 38 per cent during the global financial crisis.

The big four banks significantly cut down on their use of brokers to sell loans in the aftermath of the GFC but have stepped this up this year as

low interest rates fire up the mortgage market.

"I think the market as a whole is coming back more strongly but I think consumers are also looking more and more for a professional who can give them advice about credit," Mr Naylor said.

In a sign that record low interest rates are fuelling the property market, figures released last week showed the

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total number of home loans approved rose 4.4 per cent in September, the biggest gain in six months.

However, the market was driven by cashed-up investors, with first-home buyers accounting for just 12.5 per cent of loans as they were priced out of the market.

"The flurry of investor activity over the past few months has seemingly come at the expense of first-home buy-

ers, with the proportion of new loans held by this price- and interest-rate sensitive buyer group falling to a new all-time low," JP Morgan economist **Tom Kennedy** said.

Mark De Martino, a director of mortgage broking group Loan Market, said first-home buyers were competing with others who had greater resources.

"Low interest rates and a recovering property market are helping boost activity in the home finance space. Nearly every state is showing double-digit growth for the first quarter," Mr De Martino said.

"First-home buyers are competing with cashed-up investors and upgraders who have significant equity in their property."

As the home loan market takes off, Mr Naylor said smaller lenders were winning a greater share of business from mortgage brokers, taking the competition to the big four banks.

"It is too early to draw a wide conclusion on it, but there seems to be a dispersion of business into the second tier lenders, which is good from a competitive point of view," he said.

"So, whilst the major lenders are writing the bulk of the business, there just seems to be a swing to the tier-two lenders, who are writing more broker business. The broker channel is helping with competition."