Spring 2025 Newsletter

MORTGAGE & FINANCE

- UPDATE -

GOVERNMENT FAST-TRACKS 5% DEPOSIT SCHEME FOR FIRST-HOME BUYERS

The Albanese government will launch its expanded 5% deposit scheme for all first-home buyers earlier than planned, with the start date now set for Oct. 1.

The scheme allows first home buyers to enter the market with just a 5% deposit, with the government guaranteeing part of the loan so buyers can avoid paying lenders mortgage insurance (LMI).

"We want to help young people and first home buyers achieve the dream of homeownership sooner," Prime Minister Anthony Albanese said in a government media release.

"Bringing the start date of our 5% deposit scheme forward will do just that. Getting more Australians into their own home quicker, while saving them money along the way.

"Labor was re-elected with a clear mandate to bring down the deposit hurdle for first home buyers, and we're delivering."

UNLIMITED PLACES, HIGHER PRICE CAPS

> *From October, all first-home buyers will be eligible, with no income caps or limits on places.*

Property price caps will also rise in line with average house prices, widening access to more homes.

"Five per cent deposits for all first-home buyers will mean people can get into their own home sooner," Minister for Housing Clare O'Neil said.

"It's just not right that an entire generation of young Australians have been locked out of the housing market – saving for decades while paying off someone else's mortgage. So, Labor's changing it.

"Yesterday we announced reforms to unlock tens of thousands of new homes and today we're announcing changes to help tens of thousands of first-home buyers get into homeownership."

BIG SAVINGS FOR BUYERS

The government estimates that in the first year alone, first-home buyers using the scheme will avoid around $1.5 billion in potential LMI costs.

The median home price in Australia is $844,000, meaning a 5% deposit equals $42,200. The government notes that the last time this figure equated to a 20% deposit was in 2002, highlighting the generational scale of the change.

Examples show the impact:

- A buyer in Brisbane could purchase a $1 million home with a $50,000 deposit, saving around $42,000 in LMI and up to 10 years of deposit saving time.
- A buyer in Bendigo could purchase a $600,000 home with a $30,000 deposit, saving around $25,000 in LMI and up to 6 years of saving time.

MORE LENDER CHOICE FOR BROKERS

The government has directed Housing Australia to promote the diversity of lenders in the scheme, increasing opportunities through smaller, customer-owned and regional banks as well as the majors.

Housing Australia confirmed the expanded scheme will be available through more than 30 participating lenders.

Comments from Finance Brokers Association of Australia (FBAA) managing director Peter White reinforced the importance of the government's expansion.

"This decision will put more younger Australians within reach of realising their homeownership dreams," White said. "It's good news for borrowers and good news for brokers, who will be best placed to assist first-time buyers through the process."

He added that while the scheme is a positive step, more must be done to improve affordability, particularly by unlocking greater housing supply.

PART OF A BROADER HOUSING AGENDA

> *The deposit scheme forms part of Labor's $43 billion housing agenda, which also includes reforms to increase supply and support renters.*

Since taking office in 2022, the government says it has already helped more than 180,000 first-home buyers purchase with a lower deposit.

– BROKERNEWS.COM.AU –

WELCOME TO OUR SPRING EDITION

The recent drop in the RBA cash rate has been met with widespread anticipation and excitement. This reduction benefits all mortgage holders and opens up higher borrowing capacity for many borrowers. Bond traders are forecasting two more rate cuts in the coming months, which may be a compelling reason for some individuals considering fixed rates to wait and see how much further fixed rates might fall.

The wealth divide between homeowners and renters is expected to reach record levels by next year, as property values continue to rise at a pace faster than household incomes. Many industry analysts and major banks predict that home prices could increase by as much as 13% by the end of 2026. Homebuyers are scrambling to secure a property before prices rise further, especially given that we've seen a more than 40% increase in property values over the past five years. Meanwhile, the Reserve Bank of Australia expects wages to rise by no more than 3% over the same period.

In Western Australia, we are witnessing a similar trend, with limited stock available and properties selling quickly due to the high number of buyers relative to sellers.

Property developers have pushed back against the Federal Labor Government's decision to rule out tax changes, arguing that financial reforms are necessary alongside planning reforms to accelerate the pace of building. Specifically, developers have highlighted planning constraints–particularly inconsistent and overlapping requirements at federal, state, and local levels–as well as delays caused by environmental considerations that need to be addressed.

As always, we are incredibly grateful for your continued support and feedback. Please continue to refer your friends, family, and associates who may be looking to buy, refinance, or review their financial position. It is the highest compliment we can receive.

TEAM AT BETTER CHOICE
08 9240 2001
admin@betterchoice.net.au

CONTACT US FOR FURTHER INFORMATION & GUIDANCE
Better Choice Mortgage Services Call 1300 805 221 Email admin@betterchoice.net.au
Suite 12, 10 Whipple Street Balcatta Western Australia 6021 Australian Credit Licence Number 384621

MEDIAN HOUSE VALUES BY CITY

As at June 2025

LATEST STATISTICS

$1,496,985
SYDNEY

$1,010,566
BRISBANE

$980,802
CANBERRA

$947,611
MELBOURNE

$888,869
ADELAIDE

$855,395
PERTH

$718,406
HOBART

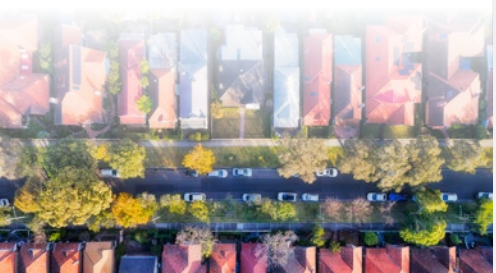
$622,838
DARWIN

- COTALITY -

AVERAGE CHANGE IN AUSTRALIAN HOME PRICES (%)

1st RBA Rate Cut	+3 mths	+6 mths	+12 mths	+18 mths
MAY 1982	-1.4	-2	-4.5	-2.6
JAN 1986	-0.6	-0.3	2.6	7.9
JAN 1990	1.7	0.6	-0.1	-2.0
JUL 1996	1.0	2.5	6.9	10.9
FEB 2001	3.6	8.5	16.2	25.8
SEP 2008	-2.2	-1.3	4.9	11.6
NOV 2011	-0.5	0.5	1.4	4.4
FEB 2025	1.4			
AVERAGE	0.2	1.2	3.9	8
MEDIAN	-0.5	0.5	2.6	7.9

- RBA, COTALITY, AMP -



WHAT IS THE FIRST HOME LOAN DEPOSIT SCHEME?

Find out more or Download FHLDS Fact Sheet

INFLATION RISE PUTS DENT IN RATE CUT HOPES

Newly released inflation data has shocked market expectations and put hopes of another interest rate cut next month in serious doubt.

Inflation data released Wednesday (27 August) has put a major dent in interest rate cut expectations.

The monthly consumer price index leapt from 1.9% in June to 2.8% in July, belittling market predictions of a 2.3% figure.

The data from the Australian Bureau of Statistics will likely be the ammunition needed for the Reserve Bank of Australia (RBA) to keep the official cash rate on hold when it next meets on 30 September.

Its 12 August Monetary Policy Decision noted that the economic situation remained uncertain, "and monetary policy is well placed to respond decisively to international developments if they were to have material implications for activity and inflation in Australia".

> *That response is now likely to be keeping rates on hold at 3.60%.*

The RBA had cut rates by 25 basis points in August, citing progress in cooling inflation and signs of economic strain due to global trade disputes.

A measure of core inflation, the 'trimmed mean', which reduces the impact of irregular or temporary price changes in the CPI, came in at an annual 2.7%, up from 2.1% in June. This is the measure the RBA aims to keep within the range of 2 to 3%.

Michelle Marquardt, ABS Head of Prices Statistics, said the 2.8% CPI figure is the highest annual inflation rate since July 2024, following several months of easing inflation.

The largest contributors to this rise were housing (+3.6%), food and non-alcoholic beverages (+3.0%), and alcohol and tobacco (+6.5%). Rents rose 3.9% in the 12 months to July, following a 4.2% rise in the 12 months to June, the lowest since November 2022.

State governments ending rebates also led to a jump in the monthly inflation figures. The price of energy spiked 13.1% in July despite prices falling by 6.3% the year prior.

NOVEMBER NOW BEST HOPE OF RATE CUT

Money market pricing now implies a less than 40% chance of a fourth cut when the RBA meets at the end of September, with an easing fully priced in for November.

David Bassanese, Betashares Chief Economist said "It's still quite possible that the RBA cuts rates in November, though it's no longer the done deal we previously believed."

Another who said rate cut hopes were on thinner ground was Russel Chesler, Head of Investments and Capital Markets at VanEck.

"This inflation spike, combined with the recency of the last rate cut and continued strength of the labour market, reinforce our expectation that another rate cut is unlikely before November."

The inflation update for the first month of the quarter only covers a portion of the full CPI basket and is concentrated on goods rather than services. The ABS will have the full monthly inflation data from November onwards.

Last month, the ABS said it will begin publishing a complete monthly measure of inflation from 26 November, addressing a long-standing gap in Australia's economic data. The development will bring the nation in line with most of its developed-world peers.

- AUSTRALIAN PROPERTY INVESTOR -

Region	Medium Rent	CHANGE IN RENTS (ALL DWELLINGS) Mth	Qtr	Yr	GROSS YIELDS (ALL DWELLINGS) Current	12 mths ago	VACANCY RATES (ALL DWELLINGS) Current	12 mths ago
SYDNEY	$792	0.6%	1.9%	1.8%	3.1%	3.1%	1.9%	1.7%
MELBOURNE	$611	0.2%	0.8%	1.5%	3.7%	3.6%	1.4%	1.1%
BRISBANE	$683	0.5%	2.0%	3.5%	3.7%	3.8%	1.7%	1.7%
ADELAIDE	$628	0.1%	1.0%	4.9%	3.7%	3.8%	0.9%	0.6%
PERTH	$718	0.2%	1.8%	5.1%	4.3%	4.4%	1.3%	1.0%
HOBART	$580	0.3%	2.2%	5.1%	4.4%	4.3%	1.7%	2.9%
DARWIN	$650	0.5%	1.9%	4.9%	6.6%	6.5%	1.7%	2.3%
CANBERRA	$679	0.0%	0.3%	1.2%	4.1%	4.0%	1.6%	1.5%
CAPITAL CITIES	$694	0.4%	1.5%	2.7%	3.5%	3.5%	1.6%	1.4%
REGIONAL AREAS	$582	0.5%	1.8%	5.4%	4.4%	4.4%	1.7%	1.8%
NATIONAL	$663	0.4%	1.6%	3.4%	3.7%	3.7%	1.6%	1.5%

- COTALITY -

WANT A BETTER INTEREST RATE? ASK US HOW.

Imagine what you could spend those savings on! Contact us today for a free consultation.

Better Choice Mortgage Services

Award winning team of Brokers

SUBJECT TO YOUR PERSONAL CIRCUMSTANCES.
SUBJECT TO LENDER T&C'S.

HOW TO REFINANCE A HOME LOAN

**Speak to your Mortgage Broker.
You could consider:**

1 REVIEW YOUR CURRENT HOME LOAN

The first step is to look at your current home loan and work out:

- *the amount of time left to finish repaying your loan*
- *if your loan is fixed, variable or a combination*
- *how long it's been since you spoke with your current lender*
- *your future plans, both short term and long term*
- *your current interest rate*
- *what ongoing or annual fees you're paying*
- *how much it'll cost to exit your loan, especially if you have a fixed rate home loan and may need to pay break costs*
- *do you currently have an offset account*
- *can you access redraw if you've made additional repayments*

Have a good understanding of what your current loan offers, what you want from your home loan and whether there are any gaps.

2 COMPARE HOME LOANS

Do some research online or speaking with home loan specialists, either at specific lenders or through a mortgage broker. You should consider:

- *Fees. Some home loans might offer a low interest rate but come with high annual or ongoing fees. There might also be upfront costs involved in moving to a new lender. Make sure you're getting a good deal after accounting for all the costs.*
- *Features. Will the new loan offer you all features of your current home loan or at least the features that are important?*
- *Flexibility. How much flexibility do you need? Would you like to have certainty over your repayments or would you like to be able to make extra repayments or vary your repayment frequency? Does the home loan offer the right balance for you? Is the home loan you're considering fixed or variable and which is right for you?*

What you need to figure out is whether there is a home loan that fits your needs better or offers a better deal than your current home loan.

3 SPEAK TO YOUR BROKER

Have a conversation with your broker about your priorities, what's not working for you and how other home loans could meet your needs better. Ask them what they can offer to keep you as a customer.

If you can negotiate a better deal with your current lender, you could save on some of the costs and paperwork involved in switching to a new lender.

4 APPLY FOR A NEW HOME LOAN

If your current lender isn't able to offer you what you're looking for, then it could be time to refinance.

You'll need to provide:

- *personal details including your expected future circumstances*
- *financial information, including income, living expenses and debt*
- *property information.*

The new lender will assess your application, review your credit history, and arrange a valuation to determine your property's worth.

Depending on the lender, you might receive a pre-approval or conditional approval before the valuation is complete, with the final approval coming through when your property has been valued.

5 SIGN YOUR NEW HOME LOAN CONTRACT

Read the documents your lender sends you carefully before signing them. If you're unsure about the documents and what they mean for you, consult your lawyer.

If you proceed with the loan and sign the documents, your new lender will arrange settlement with your current lender, which is when your old loan ends and your new loan begins. You may have to pay fees and charges as part of the settlement of the refinancing.

BRINGING IT HOME

And that's a snapshot of how to refinance your home loan, from start to finish. Depending on your situation, it might only take a few weeks to go from application to settlement.

- ANZ.COM.AU -

QUESTION: WHEN YOU BOUGHT YOUR FIRST PROPERTY, DID YOU THINK OF IT AS...

	Gen Z	Millenials	Gen X	Baby Boomers
'STEPPING STONE'	47%	54%	47%	35%
'FOREVER HOME'	17%	31%	36%	41%
'FIXER-UPPER'	22%	19%	12%	9%
INVESTMENT PROPERTY	17%	13%	12%	11%

- AUSTRALIAN BROKER -

SHOULD YOU USE AI TOOLS TO MANAGE YOUR MONEY?

Touted as being a productivity and technological gamechanger, it has the capacity to influence, even reshape, virtually every aspect of our lives, including our relationship with money.

THE BENEFITS

- *automation and efficiency*
- *speed and data processing*
- *personalisation [to a degree]*
- *objectivity and reduced bias*
- *predictive analytics*
- *cost-effectiveness*
- *accessibility*
- *compliance*

THE DOWNSIDE

- *lack of human understanding and emotional intelligence*
- *security and privacy risks*
- *reliance on data quality*
- *limited contextual understanding*
- *'black box' problem and lack of transparency*
- *over-reliance and lack of human oversight*
- *inability to handle complex or unique situations*
- *regulatory and ethical concerns*
- *technological limitations and obsolescence*

- MONEY MAGAZINE -

APPLY NOW

HOME LOANS

BUSINESS LOANS

CAR AND EQUIPMENT LOANS

INTEREST RATES

OWNER OCCUPIER HOME LOAN

4.79%

FIXED 2 YEARS

80% LVR

COMPARISON RATE

5.74%

WARNING: This comparison rate is true only for the examples given and may not include all fees and charges. Different terms, fees or other loan amounts might result in a different comparison.

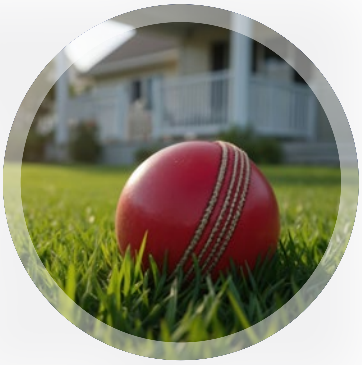
IS THE GREAT AUSSIE BACKYARD DEAD?

The decline of the iconic Australian backyard is reshaping the real estate market and puts a range of suburbs on the map as potential property hotspots.

The reduction in lot size legal minimums and larger, newly built houses leaves many new homes with backyards at a fraction of what was common 40 years ago.

EVOLVING HOUSEHOLD TYPES

The other big change in the housing versus garden equation comes via the ABS profile of Australia's 10 million households, which shows a significant change from 20th century norms.



Families with children are still the biggest segment at 3.1 million households but their dominance is being challenged by - couples without children at 2.8 million and single person households at 2.6 million.

The result is a drop in the average number of people per household and a rise in households who typically require less outdoor space.

Urban development across Australia remains heavily focused on delivering McMansions on the urban fringe and small apartments in city centres, leaving quite a gap for investors to exploit.

DO CHANGING PROPERTY DYNAMICS MATTER?

Australian housing values to GDP shows, the uplift in property prices is very much concentrated in the value of the land on which housing sits.

> *The real value of residential structures has barely changed in 35 years.*

Changing lifestyles and the inexorable rise of land values highlight some interesting trends investors should pay attention to.

It doesn't mean suburbs with the biggest lots will benefit the most, nor that areas with the highest land prices will dominate as the best propositions.

In fact, some of the best bets are in the comfortable centre of those two extremes.

FAMILY HOMES STILL RATE WELL

Counterintuitively, despite a changing landscape delivering a decreasing proportion of homes with large allotments, these properties still make great investments - in some areas.

Take Duncraig, nestled midway into Perth's northern suburbs. With generously sized allotments and plenty of 1970s and 1980s houses to choose from, family buyers have pushed the median house price to around $1.3 million, double what it was just five years ago.

SMALL ALLOTMENT PROPERTIES ARE ALSO BENEFITTING

While many commentators have been talking down apartments, some suburbs are showing strong returns in unit price performance.

PROPERTY INVESTORS SHOULD LOOK FOR

For investors, the rule to keep in mind is that outdoor space is still highly prized but as our cities grow, it's the scarcity and match to the growing household types which matters the most.

Family homes on generous allotments in middle ring areas as well as affordable units with a private garden are benefitting now.

In other areas, like Sydney's outer west and Melbourne's north west, investors who bought old family homes are also benefitting. Those properties with big allotments continue to see strong demand from developers looking to knock houses down to build townhouses or villa units.

As we move forward, we're also likely to see more European-styled developments emerge, where units share a central garden delivering a communal feel.

Right now, these properties are as rare as hen's teeth but when they do come on the market, they benefit from very high rental and resale appeal.

> *Outdoor space will remain a boon for investors, but as our metro areas change, it will shapeshift to meet changing realities.*

- REFERENCE-

CHECK US OUT ON SOCIAL MEDIA

For interesting reads & the latest finance news