

Back Pocket Impact of Rising Property Values & Future Interest Rate Increases



Property prices; have grown well in the last 12 months with RP Data-Riskmark reporting that the Melbourne home values rose 11.6% and Sydney 15.6%. March 2014 alone saw both Melbourne and Sydney home values grow by 2.9%. RP Data-Riskmark report that the current median home price for Sydney sits at \$713,000 and Melbourne \$555,000. Interestingly using a different formula of calculation APM (Australian Property Monitors) report Melbourne's median house price currently \$604,000 and Sydney's \$782,000.

Interest rates; for now the RBA's (Reserve Bank of Australia) word on the street is that the official cash rate (what typically determines our home loan interest rate) remains on hold with the record low rate continuing for eight straight month as at March 2014.

To help explain the above another way we have prepared some indicative numbers at various values showing property prices increasing by the median % over the last 12 months then added an example of what home loan repayments would be if rates increased by an indicative ½ percent (.5%) to better demonstrate what this means to your back pocket .

Indicative Property price March 2013	Indicative property price March 2014 (assuming 11.6% growth)	\$ amount change	Indicative current home loan repayment at say 5%	Indicative home loan repayment at 5.5% (increase of .5%)	Repayment amount change per month
\$350,000	\$390,600	+\$40,600	Loan amount \$390,600 principal and interest 30 years \$2,097 per month	Loan amount \$390,600 principal and interest 30 years \$2,218 per month	+\$121
\$600,000	\$669,600	+\$69,600	Loan amount \$669,600 principal and interest 30 years \$3,595 per month	Loan amount \$669,600 @5.5% principal and interest 30 years \$3,802 per month	+\$207
\$850,000	\$948,600	+\$98,600	Loan amount \$948,600 principal and interest 30 years \$5,093 per month	Loan amount \$948,600 @5.5% principal and interest 30 years \$5,387 per month	+\$294
\$1,100,000	\$1,227,600	+\$127,600	Loan amount \$1,227,600 principal and interest 30 years \$6,591 per month	Loan amount \$1,227,600 @5.5% principal and interest 30 years \$6,971 per month	+\$380

* The above figures are indicative only and to used as a general guide. We recommend that you speak with us personally to obtain specific details relating to your personal property and finance situation and objectives.

Keeping Your Current Home Loan Healthy

With over 20 years experience in home loan services we are here to help with any questions or changes you wish to make to your current home loan. Whether it be simply fixing a rate, converting to interest only, increasing or decreasing your monthly payment we can help plus provide you greater knowledge of what is on offer out there.



Advising and Coordinating the Sale of Your Current Property



Needing to organise the sale of a current property but don't know where to start, have limited time to coordinate, which agency and agent to use, what commission you should pay, how much advertising is enough, should I auction or private sale, what do I need to do to present the property for sale. Provincial Property Advocacy can help.



Our team of experienced property consultants are able to provide you the advice and data in making the decision to sell more effective and beneficial. From the start to settlement we are there to advise and assist you through the process with the appointed selling agent. This service is provided at no additional cost to the usual sale commission .

Contact our group Managing Director Max Waller on (0438) 430 436 or maxwaller@provincialgroup.com.au to learn more about this service.



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