

For immediate release

October 6, 2015

Rate rise on the horizon as loan sizes hit record levels across the nation

- ➔ Reserve Bank holds cash rate at 2% for 5th consecutive month
- ➔ 31 experts in [finder.com.au Reserve Bank Survey](http://finder.com.au/Reserve-Bank-Survey) unanimously predicted no change to cash rate
- ➔ Average home loan sizes increase to highest ever levels in all states

October 6, 2015, Sydney, Australia – While the cash rate remains at a historical low – 2 percent – following the Reserve Bank’s latest meeting this afternoon (October 6, 2015), home loan sizes are surging as borrowers take advantage of record low interest rates, according to finder.com.au, one of Australia’s biggest comparison websites.

The 31 leading economists and experts in the [finder.com.au Reserve Bank Survey](http://finder.com.au/Reserve-Bank-Survey), the biggest of its kind in Australia, unanimously predicted no change with some citing the recent change in Prime Minister as having a positive effect on the economy.

In fact, 94 percent don’t expect the cash rate to move again this year. However, three in five (60 percent) are tipping a rate rise in 2016.

While a future rate rise remains on the cards, Michelle Hutchison, Money Expert at finder.com.au, says it’s not surprising that the current record low interest rates have led to people borrowing more than ever before.

“According to the latest ABS figures analysed by finder.com.au, home loan sizes have increased to their highest levels ever within the last 12 months across Australia. The national average home loan size is now \$364,400 – setting a new record – and increasing by 10 percent since July 2014.

Across the country, New South Wales and Victoria are leading the pack, increasing by 15 percent and 10 percent respectively, since July 2014. The smallest growth was experienced by the Northern Territory, followed by Queensland, Western Australia and Tasmania, which all experienced 3 percent growth or less.

Average owner-occupied home loan sizes and growth across Australia

State	Average home loan size (July 2014)	Average home loan size (July 2015)	Growth
NSW	\$369,200	\$425,100	15%
VIC	\$336,800	\$371,400	10%
QLD	\$303,100	\$313,200	3%
SA	\$264,500	\$277,100	5%
WA	\$331,500	\$340,400	3%
TAS	\$216,000	\$222,500	3%
NT	\$341,300	\$347,900	2%
ACT	\$328,900	\$348,000	6%
National	\$332,500	\$364,400	10%

Source: finder.com.au analysis of ABS Housing Finance data, ranked by highest growth



“Interestingly, however, when looking specifically at first home buyer home loans financed, only four states have seen an increase in the past year – NSW, VIC, WA and the ACT – which indicates the competitiveness of the property market may be to first home buyers’ detriment.

“Of these, NSW again comes out in front with a 9 percent year-on-year increase, the average loan size for first home buyers now sitting at \$402,100.

“Tasmania experienced the biggest decline with the average loan size dropping 15 percent from \$221,000 to \$187,000.

Average first home buyer home loans across Australia

State	Average first home buyer loan size (July 2014)	Average first home buyer loan size (July 2015)	Growth
NSW	\$368,700	\$402,100	9%
ACT	\$332,500	\$354,400	7%
VIC	\$338,700	\$347,600	3%
WA	\$333,400	\$338,300	1%
QLD	\$299,900	\$296,300	-1%
SA	\$270,000	\$260,100	-4%
NT	\$328,900	\$312,700	-5%
TAS	\$220,800	\$186,800	-15%
National	\$331,400	\$341,200	3%

source: finder.com.au analysis of ABS Housing Finance data, ranked by % increase



“With interest rate hikes on the horizon, these increasing home loan sizes could be cause for concern, particularly for first home buyers. These figures show that borrowers are feeling comfortable within the low rate environment and borrowing more money to buy. However there’s a danger in feeling too comfortable.

“All borrowers need to remember that these record low interest rates are not here to stay and all signs are pointing to a rate rise, which will lead to higher repayments – approximately \$50 per month more for a \$300,000 loan size – and thousands of dollars more over the life of your loan. Before jumping into the property market, do your research and factor in a buffer of 2-3 percent to accommodate for future rate rises, so you’re not stung with a nasty shock months into buying your dream home.”

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For further information:



Michelle Hutchison
Head of PR & Money Expert
+61403 192 994
+61 1300 FINDER (346 337)
Michelle@finder.com.au



Bessie Hassan
PR Manager
+61402 567 568
+61 1300 FINDER (346 337)
Bessie.Hassan@finder.com.au



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