



Media Release

23 June 2009

Australian Investors Delay Buying Until After Boost

2009 Property Investor Survey - Melbourne is the city of choice

Australia's largest independently-owned mortgage broker, Mortgage Choice has discovered that three out of four Australians planning to buy an investment property in the next two years are waiting until the First Home Owner Boost (FHOB) expires.

76% of the 1,038 respondents to the 2009 Property Investors Survey said they were delaying their upcoming investment property purchase until the FHOB finishes on 31 December 2009. Interestingly, before the extension was announced, only 26% were delaying their purchase until the initial completion date of 30 June 2009 had been reached.

Mortgage Choice senior corporate affairs manager, Kristy Sheppard said the survey highlights an observation made recently by many of the company's franchisees.

"We have been hearing from a number of corners that property investors are all set and ready to go once the Boost has had its day. Competition from first homebuyers has been so intense since late last year that most investors seem to have stepped back for the moment. A large number are calling our loan consultants to see how much money they can borrow from the various lenders on our panel and getting their finances in order, all in preparation for hitting the ground running to purchase in 2010 and 2011," she said.

44% of respondents, all of whom are purchasing an investment property in the next two years, were Generation X*, 27% were Generation Y, 28% were Baby Boomers and one percent were Builders. 25 years of age was the most popular age upon purchase for Gen Y, at 15%.

South Australia had the least number of Gen X and Gen Y respondents than all other states and territories (at 38% and 17%, respectively) and the most number of Baby Boomers (at 40%).

Over one third of the respondents - 37% - rated their level of confidence in their state's housing market as 'high' (32%) to 'very high' (5%). 57% rated it 'moderate', 6% rated it 'low' and only 1% rated their confidence as 'very low'.

Queensland respondents were the most confident in their state's housing market with 40% indicating 'high' or 'very high' confidence, followed by Victoria at 37% and South Australia at 36%.

In some good news for the housing industry, of all the annual survey's respondents, 64% already own a home yet plan to add to their portfolio by buying an investment property/ies in the next two years. Surprisingly, 20% plan to buy both a home and investment property/ies in the next two years, while 13% were planning on entering the property market for the very first time forgoing their First Home Owner Grant to buy an investment property before a home. 3% plan to sell their home and buy an investment property/ies.

The areas around Australia that were seen to provide the best investment prospects over the coming two years were:

1. 15% - Within 15km of Melbourne metropolitan area
2. 14% - Within 15-50km of Sydney metropolitan area
3. 13% - Within 15km of Sydney metropolitan area
4. 12% - Within 15-50km of Melbourne metropolitan area
5. 8% - Within 15-50km of Brisbane metropolitan area
6. 7% - Within 15km of Brisbane metropolitan area
7. 4% - Outside 51km of Sydney metropolitan area
8. 4% - Within 15km of Perth metropolitan area

9. 3% - Within 15-50km of Perth metropolitan area
10. 3% - Within 15km of Darwin metropolitan area

Upcoming property investors were more likely to be considering purchasing a house (66%) and less likely to be considering a unit/apartment (53%). Builders* were the only generation to buck this trend with 50% of respondents keen to purchase a small unit/apartment as opposed to a house (38%). 29% of respondents said they were looking to buy a townhouse/terrace, 6% a duplex and a further 6% a commercial property.

Three quarters saw property investment as a better bet than investing in shares. The top ten key motivators behind these respondents planning to buy an investment property were:

1. 91% - I want to set myself up financially for the future
2. 78% - The benefits of the current property market
3. 76% - Potential for housing price rises
4. 75% - Currently-low interest rates
5. 75% - I see more benefit in investing in property than I do in the share market
6. 71% - Tax benefits
7. 69% - I've researched the property market and feel property investment will enable me to achieve my financial goals sooner/better
8. 53% - Capital gain
9. 52% - Reading and/or hearing of others' success
10. 51% - Currently-high rental yields

"It is great to see many of these upcoming investment property purchasers have lofty ambitions as market players. 18% of respondents said they plan to create an investment property portfolio of 'as many properties as possible', 49% were looking to own two to three properties, 17% wanted only one, 10% were planning on four to five while an ambitious 3% were planning on six to 20," Ms Sheppard said.

29% will purchase their investment property on their own while 62% will buy with a partner. 4% will purchase with a sibling, 3% with a parent and a further 2% with a friend.

When purchasing their investment property, for respondents the features considered most important in order of preference were:

1. Price
2. Locality - convenience to amenities and transport
3. Number and/or size of rooms
4. Locality - prestige
5. Features - such as driveway access, garage, swimming pool, backyard, fireplace etc.
6. Aesthetic appeal
7. Age of the property
8. Green/environmental aspects or initiatives

Ms Sheppard said, "It seems most buyers were looking a fair way into the future when it came to holding onto the property. 47% said they were intending to keep it for 10 years or longer, while 41% were planning on five to 10 years, and only 11% said up to five years."

Visit the Mortgage Choice website at www.mortgagechoice.com.au or call the customer service centre on 13 MORTGAGE.

** For the purpose of this survey, Generation Y was born between 1980 and 1994, Generation X was born between 1965 and 1979, Baby Boomers were born between 1946 and 1964 and Builders were born between 1925 to 1945.*

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About This Survey

The 2009 Mortgage Choice Property Investors Survey was conducted by Veda Advantage over June 2009, with 1,038 respondents fairly evenly spread across Australia. All were planning to buy an investment property within the next two years.

About Mortgage Choice

Mortgage Choice, Australia's largest independently-owned mortgage broker, has a national network of hundreds of franchises and loan consultants supported by Group and State Offices. It provides loan advice on, and choice of, products offered by an extensive panel of Australia's leading lending institutions.

Importantly, Mortgage Choice has no products of its own and works in each customer's interests to source a loan from the lender panel to suit their current needs. The company has been doing so since commencing operations in 1992.

Mortgage Choice is a pure play distribution model with no balance sheet or funding risk, and consistently delivers strong profits and attractive yields. The company listed on the Australian Stock Exchange in August 2004 (ASX sign: MOC) and is a member of the Mortgage & Finance Association of Australia (MFAA).

Recent awards/recognition: 2009 Australian Banking & Finance Awards *Best Financial Institution Employer*; 2009 Great Place to Work® Institute *Best Companies to Work For* list; 2009 and 2008 BRW *Fast Franchises* list; 2009, 2008, 2006 and 2005 MFAA Awards *Retail Aggregator/Originator of the Year*; 2009 and 2008 10 Thousand Feet *Top 10 Franchise* list; 2008 MFAA Awards *Best In Mortgage & Finance Industry*; 2007 Lending Central Awards *Mortgage Broker of the Year*; 2007 FCA Excellence in Franchising Awards *Franchisor of the Year* (finalist); 2007, 2005 and 2004 Australian Banking & Finance Awards *Best Mortgage Broker*; 2006 BRW Magazine *Top 500 Public Companies* list; and 2005 Australian Mortgage Awards *Best Branding* and *Most Effective Internet Presence*.

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