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SKYROCKETING PROPERTY PRICES – TRENDS IN FINANCE

Stirling-based finance broker Maria Amos said while skyrocketing property prices were great for the WA economy and investors of real estate, they were proving challenging for first home buyers.

As the director of Image Financial Group Ms Amos said she had witnessed several key changes linked to the housing boom.

“There has definitely been an increased emphasis on part guarantor loans due to the increase in property prices making it harder for many people to enter the real estate sector,” she said.

“A major trend in recent times has been that more and more parents are willing to assist their children in buying a home – quite simply because their son or daughter could not afford to get into the market without the help.”

Ms Amos said with clever buying and financial planning parents often only needed to give the assistance for a short time.

“What we like to do is as soon as the value of the property increases, we have it revalued and release the parents as guarantors,” she said.

“With the market the way it has been, it has generally been possible to do this within 12 months which is a great outcome for both the parent and their child.”

An avid property investor herself, Ms Amos said the popularity of 40-year mortgages had also increased.

“40-year terms are not new, but because they assist first home buyers by giving them access to lower mortgage repayments, more lenders have introduced this option during the recent boom,” she said.

“These loans can be a great choice as they increase the capacity of the borrower from a lender’s point of view and for many consumers they are often a better alternative than interest-only loans because they are taken on a principal and interest basis.”

Ms Amos urged people considering 40-year terms to ensure they closely investigated the structure of the particular loan they were looking at.

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