

REAL ESTATE IN 2005 - THE BIG PICTURE

As most Members Equity Bank customers have a home loan with us, we felt that a summary of the general movements in the home loan and real estate markets during 2005 would be useful to you. The following article has been provided courtesy of Tony Brasier, President of the Real Estate Institute of Australia (REIA). For more information on the property market you may like to visit the REIA website www.reia.com.au

The year 2004-05 was characterised by a softening housing market, with both owner-occupiers and investors responding to changing demand and interest rate rises in late 2003 and early 2005. Following a slowdown in house prices in Sydney, Melbourne, Canberra and Brisbane, prices began to ease off in Adelaide, Darwin, Hobart and regional areas. Prices in Perth have continued to climb.

In the latter half of 2004 the proportion of loans issued to first home buyers increased each month from 15.2% in July to 16.6% in January 2005, then fluctuated between 15.7% and 16.6% over the next five months. The low official cash interest rates flowed through to low mortgage interest rates and this, combined with escalating dwelling prices in all markets in Australia, were the main drivers for the escalation in the size of home loans taken out by first

home buyers. In 2004-05, the average size of a first home buyer home loan had risen to \$209,600 compared with an average of \$124,800 four years earlier.

Average home loans increased in all States and for Australia every year from the June quarter 2000 to the June quarter 2004. Over the next twelve months to June 2005, the average home loans in New South Wales and the ACT fell 1.1% and 0.2% respectively whilst increases were recorded in all other states and for Australia. In the June quarter 2005, an average home loan in Australia was \$218,783, while an average monthly loan repayment was \$1,552.

Comparing June quarters 2004 and 2005, the greatest annual increase in an average home loan was recorded in Tasmania (13.5%) whilst the largest reduction was recorded in New South Wales (-1.1%). Comparing June quarters 2000 and 2005, the greatest increase in an average home loan over the five-year period of 101.3% was recorded in Tasmania, whilst the smallest increase of 54.5% over five years was recorded in Western Australia.

The generally increasing proportion of family income needed to meet average loan repayments from 2001 to 2005 reflects the rapidly rising house prices and increasing size of loans in relation to the much slower

growth of median weekly family income during the five-year period. On average for Australia, almost one third of family income was needed to meet average loan repayments in the June quarter 2005. Among the States, over 30 percent of family income in New South Wales, Victoria, Queensland and Tasmania was needed to meet average loan repayments in the June quarter 2005.



For more information call 1300 654 998 or visit membersequitybank.com.au



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SPENDING WISELY THIS FESTIVE SEASON



Christmas and the festive season is a time of peace and joy. But it can also be a time when overspending can mean huge credit card debts at the end of the holidays. Far too many people overspend during this period.

To make it through the festive season without going into debt, we would like to offer you the following survival tips.

Make a budget and plan your purchases:

Work out an itemised spending budget and what you can afford to spend over Christmas and the festive season. Make a list of the people you are buying gifts for and decide in advance exactly what you want to buy or the amount you can afford to spend. Stick to your list and your budget!

Avoid the traps of retail 'special offers':

A key strategy of retailers over the festive season is to encourage us to spend more by enticing everyone with "special" offers. Avoid falling into the trap of buying things that you don't need based on impulse. Avoid being dazzled by "specials", "discount bins", "clearance sales" and "special prices". Stick to your original list and to your budget.

Pay by cash or EFTPOS: Avoid buying only on credit. Overspending during the festive season could mean you could be unable to meet your commitments in the New Year. Don't use credit unless you know you can afford it and you know you can pay it off within a short time frame.

Shop around for the best price:

Once you have decided what items you can afford to purchase shop around for the best deal. Negotiate and bargain hunt as much as you can, but don't use up petrol driving over the other side of town to get an insignificant saving!

Don't commit to gifts that you are

unable to afford: Although none of us like to disappoint our loved ones, particularly our children, even children need to understand the limits to the family budget. Don't go into debt to match the amount that other people spend on gifts.

Improvise on your gifts: If you really cannot afford to buy gifts, your family and friends will understand. It's the thought that counts, so think of other ways you can give. Home made cakes, biscuits, or a bunch of flowers from your garden, will be treasured just as much as, or more than, a store bought gift. Make an attractive booklet of "I owe you" coupons which promise a variety of deeds such as babysitting, dog walking, and so on.

ARE YOUR DETAILS CORRECT WITH ME?

Have you changed address or phone numbers at all during 2005? If so, have you told ME about it?

In order for us to be able to service your needs better, it is essential that we have all your correct contact details available.

Please call us on 1300 654 998 (Mon to Fri 8am-8pm and Sat 9am-5pm Melbourne Time) to speak to one of our friendly staff and have your details updated today.

UPGRADED INTERNET BANKING

We have upgraded our Internet banking to allow you to do your banking faster and easier. We have incorporated your suggestions and your feedback and have come up with an Internet banking solution to assist you.

Our new features:

- No more upgrades or updates to plug in software
- BPAY View - receive your bills online
- Schedule reoccurring BPAY payments
- Modify your Biller List
- Update your Personal Details online

Although you will have access to new and improved functionalities, it will still remain FEE FREE. We won't charge you any fees for managing your own accounts, on your own, in your own time.

If you have any questions, or you would like to register for Internet banking, please call us on 1300 654 998 (Mon to Fri 8am-8pm and Sat 9am-5pm Melbourne Time).



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Feedback and ideas for this newsletter?

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