

Fixed rate home loan approvals drop to 2% nationally

Variable loan demand at highest level recorded by Mortgage Choice

The popularity of fixed interest rate home loans for new borrowers across the country has continued to fall, according to November 2009 data from Mortgage Choice, Australia’s largest independently-owned mortgage broker.

Fixed rate loans now account for only 2.3% of all new loan approvals – the lowest level in 12 months and the third lowest level reached since Mortgage Choice began recording such data in January 2003. Fixed rate products have accounted for less than 10% of the company’s new loan approvals for the past 17 months.

Meanwhile, variable rate loan demand rose in November 2009 to 97.7% of approvals. **This was the highest level reached in the series.**

Key loan product preference trends for the last month of Spring were:








- Basic variable loan demand fell to 43.8% of all new approvals from 46.0% in October
- Standard variable continued to rise, to 31.6% from 31.3%
- Special variable (commonly known as professional packages, for which rate discounts, ‘Gold’ credit cards and other special features are common) rose to 16.0% from 14.8%
- Line of credit (often popular with investors) rose to 6.1% from 5.1%
- Bridging (for those selling property while purchasing another) rose to 0.21% from 0.15%

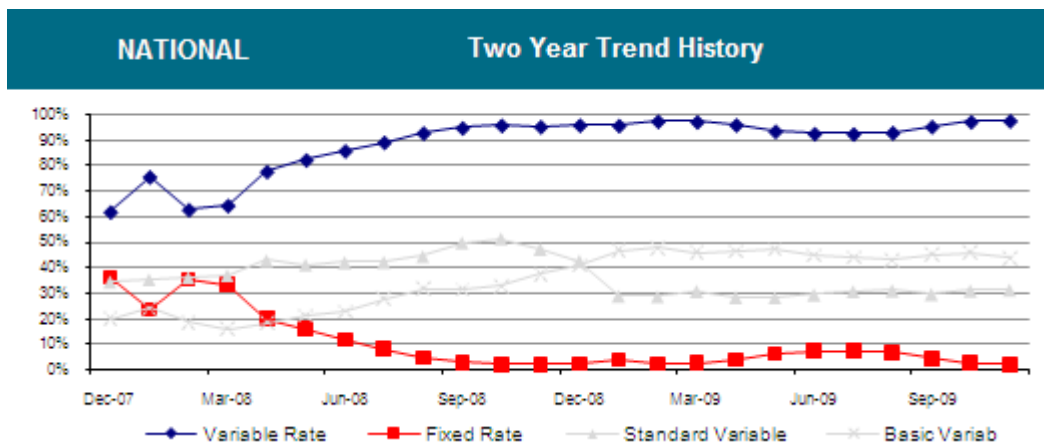
Senior corporate affairs manager, Kristy Sheppard said, “Fixed rate loan demand, after experiencing increasing popularity from March to July this year, has fallen over the past four months to reach the level it held in November 2008 – 2.3% of all new home loan approvals.”

“Australians are carefully weighing up the substantial extra cost of fixing their home loan against the interest rate rises predicted for the next couple of years. The result is that fixing continued to hold little appeal to new borrowers at the end of Spring but I expect to see a rise in demand as we move through 2010 with increasingly higher rates.

“Nevertheless, all states currently show fixed rate loan demand at somewhere between 2.06% and 2.5% of new approvals. Almost all new borrowers were choosing to ride out rate rises in November, with the popularity of variable loans increasing to 97.7% of Australian loan approvals.

“The most popular loan types overall were basic variable, leading the way at 43.8% of new approvals, standard variable at 31.6% and special variable at 16.0%. Line of credit hit 6.1% of all approvals while bridging accounted for a small 0.2%.”

NATIONAL	Nov-09	Oct-09	6 Month Average	12 Month Average
 Variable Rate	97.70%	97.33%	94.79%	95.43%
 ⇨ Basic Variable	43.84%	46.03%	44.54%	45.20%
 ⇨ Standard Variable	31.55%	31.29%	30.78%	31.18%
 ⇨ Special Variable	16.00%	14.76%	13.59%	13.04%
 ⇨ Line Of Credit	6.11%	5.09%	5.64%	5.78%
 ⇨ Bridging	0.21%	0.15%	0.23%	0.23%
 Fixed Rate	2.30%	2.67%	5.21%	4.45%



Note: Mortgage Choice's annual loan approvals are approximately 40,000 nationally and therefore provide a clear insight into the product preferences of housing loan borrowers generally.

For further information or to arrange an interview, please contact:

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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.

A number of the company's consultants provide a broader service offering, also helping customers source personal and commercial loans, asset finance and risk insurance.

Importantly, Mortgage Choice head office pays franchisees the same commission rate for home loans they write, regardless of the rate paid by the lender selected by a new customer - and has been doing so for most of its 17-year history. The company has no products of its own and works in each customer's interests to source a loan that suits their individual needs.

Mortgage Choice has 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, 2008, 2006 and 2005 MFAA Awards *Retail Aggregator/Originator of the Year*; 2009 and 2008 BRW *Fast Franchises* list; No.1 spot on *Top 25 Brokerages* list by Mortgage Business magazine; 2009 Australian Banking & Finance Awards *Best Financial Institution Employer*; 2009 Great Place to Work® Institute *Best Companies to Work For* list; 2009 and 2008 10 Thousand Feet *Top 10 Franchise* list; 2008 MFAA Awards *Best In Mortgage & Finance Industry*.

Visit www.mortgagechoice.com.au or call the customer service centre on 13 MORTGAGE.