

## **MEDIA ALERT: APRA's decision to scrap cap a win for housing investors**

**Thursday 26 April 2018:** Investors are set to be the biggest beneficiaries in the home loan market after the Australian Prudential Regulatory Authority (APRA) today announced the scrapping of its housing investor loan cap, according to comparison site [Mozo.com.au](http://Mozo.com.au).

In response to a surge in bank lending to property investors, the banking regulator imposed a cap on investor lending growth of no more than 10 per cent a year in late 2014. The intention behind the speed bump was to take some of the heat out of the housing markets in Sydney and Melbourne.

Mozo property Steve Jovcevski says the removal of the cap could see further downward pressure on mortgage rates for investors.

"We're expecting banks that may have previously shelved their investor loan business to keep within the growth limit, to start actively pursuing investors again with huge interest rate discounts," says Jovcevski.

"Already, we've seen lenders begin to take the knife to investor home loan rates as well as loosen up lending requirements over the last few months. APRA's decision is likely to intensify this competition between the banks for a healthy investor loans book. The result is the gap between owner occupiers and investor rates especially for principal and interest borrowers is likely to get smaller and smaller."

Mozo found 26 lenders have slashed rates for investors with principal and interest repayments since the start of the year.

However, these interest rate discounts may be short lived with rate hikes expected across the board over the next few months in response to the cost of funding pressures domestic lenders are facing from the United States.

Jovcevski says the resurgence of first home buyers in the market is likely to taper off with the return of investors after a period of subdued activity which saw a sharp fall in loan growth among housing investors over the past year.

"APRA's removal of the investor cap is expected to prop up growth in the cooling Sydney and Melbourne housing markets. As a result, the drop in both housing markets is unlikely to be as significant as predicted at the outset of the year had the banking regulator not removed the cap."

The additional 30 per cent cap imposed by APRA on interest only lending in March last year is less likely to be softened in the near future.

**To arrange an interview with Mozo property expert Steve Jovcevski, call Kirsty Timsans on 0403 782 752 or email [kirsty.timsans@mozo.com.au](mailto:kirsty.timsans@mozo.com.au).**

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