

Lender competition heats up ahead of home loan season as RBA holds

Media alert - Tuesday 6 February 2018: Competition in the home loan market is heating up ahead of autumn property season despite the Reserve Bank leaving rates on hold at the first meeting of the year, according to Mozo.com.au.

The comparison site found that 20 lenders have slashed at least one variable rate home loan since the last Reserve Bank meeting in December 2017.

"Today's rates decision is the 16th consecutive hold by the Reserve Bank, yet we've seen a flurry of lenders bucking the trend by slashing variable interest rates in recent months," says Mozo Director Kirsty Lamont.

"With housing prices in some of the nation's capital cities continuing to slide, competition in the home loan market is intensifying as lenders try to ramp up their loan books."

The average cut for an owner-occupier variable rate loan is 20 basis points. However, investors paying principal and interest repayments enjoyed the biggest discount from lenders, with an average cut of 33 basis points.

"There have been more cuts to variable rates for investors in recent months than we've seen in well over a year," says Lamont.

Despite the winding back of investor rates, Mozo says it's owner-occupiers that banks are chasing the hardest right now.

"Several lenders are looking to entice owner-occupiers and, in particular, first homebuyers with sharply priced home loan deals ahead of autumn property season. For instance, Commonwealth Bank recently launched a new 4-year variable introductory offer specifically for first home buyers with a headline rate of 3.79%."

"If you're an owner-occupier paying principal and interest, you have some muscle with your lender. With a rate hike expected to come by August, it's time to call up your lender and push for the best possible deal you can get."

To arrange an interview with Mozo Director Kirsty Lamont, call Kirsty Timsans on 0403 782 752 or email kirsty.timsans@mozo.com.au.

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