

Fox Symes Media Coverage

Sunday 14 January, 2007

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Publication: **The Sunday Telegraph, Page 075 (Sun 14 Jan 2007)**

Section: **Finance**

Rates doubt fuels home loss fears

THIS year is shaping up as one to fear for homebuyers according to a flood of new polling on household finances.

Amid renewed uncertainty about interest rates last week, a series of surveys confirmed Australians are feeling less financially secure.

More than a quarter of those polled by mortgage broker Artog.com.au said they could not afford their home loan if rates increased by one per cent.

While such a large increase remains highly unlikely, analysts now believe another 0.25 per cent increase is a firmer possibility after news last week of a booming jobs market.

Figures showed healthy economic growth is generating thousands of new jobs, pressuring the Reserve Bank to raise rates in a bid to keep inflation low.

Artog general manager Kevin Sherman said his survey results indicated the need for caution from the bank before making any move.

"I wouldn't say it's alarming but it is interesting to see how many people are feeling the pinch," he said.

"One per cent is not that much. I suppose the message is people really should be shopping around for the best rate."

Separate research conducted by Newspoll for **Fox Symes** shows a 40 per cent increase in the number of people worried about mortgage-related debt in the past three months.

Falling deeper into debt now ranks at number seven on Newspoll's list of top 10 worries, behind getting sick and losing the family home to a natural disaster.

Fox Symes spokeswoman Deborah Southon said increased financial worries closely tracked interest rate rises.

"Obviously, the increase in concern can be linked to the recent interest rate rise but it's significant that after the Christmas shopping period debt concerns are plaguing consumers," she said.

"The survey also revealed an increase in the number of people who report worrying about falling behind on their mortgage payments and subsequently losing their homes."

In further bad news, bankruptcies are expected to rise this year, according to forecasts issued by Insolvency Trustee Service Australia.

In NSW, they are tipped to jump 30 per cent to 2244.

On the bright side, however, strong jobs growth should ease any fears about redundancy and unemployment. The Artog survey also shows most Australians still retain the dream of owning their own home, even if it is becoming harder.

Almost two-thirds of non-homeowners polled said they planned to take out a mortgage one day.

Almost half said they were just waiting for the right time.