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| **100% mortgages ... forget it**  Tuesday, March 22, 2011 » 09:46pm  [**LIVE News: Watch Now**](http://bigpondvideo.com/newstv)      2Share    Potential home buyers are scouring the internet for 'no deposit' home loans in vain.  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They don't exist.  Research by mortgage broker Loan Market shows that internet searches containing 'no deposit loans' have increased 28 per cent since the start of the year.  An examination of web traffic by Experian Hitwise, a global online competitive intelligence service, shows that such inquiries were up 57 per cent this month, the broker says.  'First home buyers are looking to get into the property market, but many are trying to do so by borrowing the whole cost of the property,' Loan Market chief operating officer Dean Rushton said as the findings were released on Tuesday.  Such mortgages were the first products to go when the global financial crisis hit and 'justifiably', he said.  'Lending restrictions which require genuine savings contributions of around five per cent towards the property purchase means these people are just going to have to work on building up their home loan deposit,' Mr Rushton said.  RateCity, a financial comparison website, told AAP that at present there is only one loan product out of the 2000 it monitors that covers 98 per cent of a home purchase - Teachers Credit Union My First Home Loan.  Otherwise, it says there are 95 per cent loans, that make up 59 per cent of all home loans that it monitors.  This is up from 50 per cent six months ago, suggesting lending criteria is loosening, RateCity says.  A recent survey by home loan broker, Mortgage Choice, found that 42 per cent of people planning to buy their first home in the next two years are doing so because of rising rents.  Mortgage Choice spokesperson Kristy Sheppard points to a recent RP Data report that showed city rents increased 4.2 per cent in 2010 and expects them to increase by a further seven per cent this year.  She said this further increase would equate to an extra $33.60 on an average weekly rent of $480 for a house in Sydney.  Conversely, even if interest rates rose 0.5 per cent by the end of 2011, as some economists expect, this would equate to an extra $23.47 for a weekly repayment of $460.29 on a 30-year, $300,000 mortgage with an interest rate of seven per cent.  Low rental vacancy rates, rising rents, healthy immigration and robust competition among renters is a 'highly undesirable' situation for tenants, Ms Sheppard said on Tuesday.  'Times are tough financially for both tenants and mortgage holders, but at least the latter group has an asset to show for that money spent,' Ms Sheppard said.  But she said those debating being a tenant versus a homeowner should note that while rents will rise this year, interest rates and house prices will also likely rise.  'This makes the choice more complicated, requiring focused planning and a thorough investigation in to the long term benefits.' |
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