my finance agent

MARKET INSIDER

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FINANCE NEWS

As a nation, Australia has pulled together in the common good and has done what has been necessary to contain the virus. The public administration and health systems have worked in the public interest. The Australian Government and state authorities have responded quickly to the pandemic and decisive fiscal and monetary policy responses have helped many Australians. The banks have also worked with their customers to help them meet their financial obligations. Because of these collective efforts Australia is in a much better place than most other countries. This is true for both the economy and the health situation.

- Despite the pandemic having very significant economic costs, the downturn as originally feared was not as deep and we are in recovery. Employment growth has been strong, as have retail sales and new house building. Across many indicators, including GDP, the outcomes have been better than the RBA central forecasts and often better than the upside scenarios as well.
- Australians have adapted and innovated. Households and businesses adjusted and changed the way they do things.
- The economy, in underlying inflation terms, is running at 1¼ per cent, well below the medium-term target of 2–3 per cent. And wage growth is the lowest in decades, with the Wage Price Index increasing by just 1.4 per cent over the past year. Given the spare capacity that currently exists, these low rates of inflation and wage increases are likely to be with us for some time.
- According to CoreLogic's 'Property Market Indicator Summary', auction markets continue to be strong, with the combined capitals' weighted average preliminary clearance rate holding above 80 per cent last week (ending 7 February 2021).

THE WORK FROM HOME PHENOMENON

Working from home (WFH) is a key employment alternative for growing businesses offering teleworking solutions, emerging entrepreneurs establishing a customer base, and/or small business owners seeking to minimise administrative overheads.

Creating a home office (or doing renovations to add one to your home) can easily cost thousands of dollars. If you want to create a new home office for yourself and don't have thousands in savings to pay for it, you may want to consider getting finance.

There are a number of ways you can fund your renovation, depending on the size of the project and your available funding;
1. Use the equity in your home 2. Top-up to existing home loan 3. Redraw funds in an existing loan 4. Refinance your home loan or 5. Take out a construction loan 6. Take out a personal loan

For larger and more expensive renovations ($100,000+), you might have to use something like a construction loan, but for something like a home office renovation, commonly you can pay for it with the existing equity in your home, withdrawing from a redraw facility.

ECONOMIC OUTLOOK

The dynamics in the housing market currently look to be in a different phase, with prices rising across most of the country recently. It remains to be seen if the sustainable increases in asset prices support household balance sheets and encourage spending through positive wealth effects. Higher housing prices can also encourage additional residential construction. The Australian Bureau of Statistics' (ABS) Building Approvals data for December 2020 has revealed that approvals numbers for private houses rose by 15.8 per cent in December. This is the largest number of approvals since the series began in 1983. The dwelling median price in Australia went up by 0.9% in January to $583,157. Compared to the same month last year, dwelling values were 3% higher suggesting a positive outlook.

*Information within in this publication has been sourced from various publications including APRA, ABS, Corelogic, Real Estate.com.au, CBA, RBA and other reports.

PLANNING ON BUYING YOUR FIRST HOME ? HAVE YOU GOT BANK PRE APPROVAL ?