

For immediate release
20 March, 2017

Out-of-cycle rate hikes shake up the Australian home loan market

- ➔ 11 lenders including two of the big four banks have lifted mortgage rates this month
- ➔ On an average loan of \$357,200, borrowers will pay an additional \$3,881 over 30 years
- ➔ Tips: What to do if your interest rate goes up

20 March, 2017, Sydney, Australia – The cash rate may have been held for seven consecutive months, but this hasn't prevented lenders from lifting mortgage rates independently of the Reserve Bank, with 11 lenders including two of the big four banks announcing new rate hikes this month, according to finder.com.au, Australia's most visited comparison website.

A new analysis by finder.com.au reveals 11 lenders have declared rate rises for both variable and fixed home loans in March 2017.

Of the big four banks, ANZ, NAB and Westpac have announced rate changes this year. While [ANZ and NAB announced changes earlier this year](#), Westpac soon followed suit announcing rate changes just this month.

However, [in March alone](#), NAB announced further changes with increases to its interest rates from 0.07% - 0.25% for variable rate home loans, while Westpac also raised its variable rates from 0.03% - 0.28%.

Despite increasing its variable rate, NAB implemented a new incentive for first home buyers by introducing its lowest home loan fixed rate of 2 years at 3.69% per annum. Westpac is also providing a grace period until the 17th June by waiving the switching fee for interest-only home loans changing to principal and interest repayments.

The average rate rise for owner-occupier loans in March 2017 across the big four that have adjusted rates (including NAB and Westpac) is 0.05%.

Taking this into account, a borrower with an average home loan of \$357,200 with an average variable rate of 4.75% would need to pay an extra \$11 per month if rates rose to 4.80%. This amounts to \$3,881 over 30 years.

Graham Cooke, Insights Manager at finder.com.au, says it's not surprising banks are taking action and raising interest rates out-of-cycle.

"It's been relatively quiet on the cash rate front in recent months, and with many believing a rate rise won't occur until next year, it was only a matter of time before lenders started raising home loan rates out-of-cycle.

"Whether it's to increase flexibility or boost profit margins, banks are under fire to manage stakeholder expectations while also dealing with the risk of an overheated property market.

"For investor loans, more stringent regulations imposed by the Australian Prudential Regulation Authority (APRA) to curb investor lending may be prompting banks to up interest rates.

"Given recent rate increases, both owner occupiers and investors need to prepare for higher loan costs. It's sensible to factor in 2-3% on top of your current mortgage repayments so you can cope with unexpected rate rises.

"Depending on your circumstances, you may want to consider fixing a portion of your loan in anticipation of rate rises," he says.

Mr Cooke says borrowers should use this time to review their loan and communicate with their bank regarding any changes.

"Banks have a responsibility to notify you of any rate changes, but if there's been radio silence, jump online or pick up the phone to see if your rate will change.

"If your interest rate is going up, consider whether you can afford the increased cost of borrowing over the remainder of your term. If you don't think your new rate is competitive, consider refinancing to a new lender.

"However, before you switch, [forecast your switching costs](#) such as any fees charged by your existing lender as well as any establishment costs charged by the new provider," he says.

Variable home loan rate changes for March 2017

Lender	Change	Loans affected	Date effective
NAB	Up 0.07% - 0.25%	Variable Rate Home Loans (owner occupier + investor)	24 Mar
Westpac	Up 0.03% - 0.28%	Variable Rate Home Loans (owner occupier + investor and principal &	24 Mar

		interest + interest only)	
Bankwest	Up 0.15%	Complete Home Loan Package - Variable (investor), Premium Select Home Loan - Variable (investor) Equaliser Home Loan - Variable (investor)	15 Mar
Beyond Bank	Up 0.10%	Low Rate Special Home Loan - Variable (owner occupier)	7 Mar
Heritage Bank	Up 0.10% - 0.11%	Advantage Package Home Loan - Variable (owner occupier)	14 Mar
Illawarra Credit Union	Up 0.05% - 0.15%	Variable Lite & Variable Home Loans (owner occupier)	1 Mar
IMB	Up 0.05%	Accelerator Home Loan - Variable (owner occupier)	13 Mar
Macquarie Bank	Up to 0.05%	Basic Home Loan - Variable LVR <=80%, LVR <=90% (owner occupier + investor), Offset Package Home Loan - Variable LVR <=80%, LVR <=90% (owner occupier + investor)	6 Mar
Macquarie Bank	Down 0.05 - 0.10%	Basic Home Loan - Variable LVR <=90% (owner occupier), Offset Package Home Loan - Variable LVR <=90% (owner occupier)	6 Mar
MOVE	Up 0.30%	Wealth Builder - Variable (investor), Flexi Home Credit - Variable	1 Mar
People's Choice Credit Union	Up 0.19%	Basic Home Loan - Variable (owner occupier)	15 Mar
Western City	Up 0.05% - 0.15%	Variable Lite & Variable Home Loans (owner occupier)	1 Mar

Source: finder.com.au



Fixed home loan rate changes for March 2017

Lender	Change	Loans affected	Date effective
Bankwest	Up 0.15%	Complete Home Loan Package - 2, 3, 4, 5 Years Fixed (investor), Fixed Rate Home Loan - 2, 3, 4, 5 Years Fixed (investor)	15 Mar
Beyond Bank	Up 0.05% - 0.10%	Fixed Rate Home Loan - 1, 2, 3, 4, 5 Years Fixed (owner occupier), Total Home Loan Package - 1, 2, 3, 4, 5 Years Fixed (owner occupier)	7 Mar
Heritage Bank	Up 0.10%	Fixed Rate Home Loan - 1,2,3 (owner occupier + investor), Advantage Package Fixed Rate Home Loan - 1,2,3 (owner occupier + investor)	9 Mar
IMB	Up 0.10%	Platinum Package - 2 & 3 Years Fixed rate (owner occupier + investor), Fixed Rate Home Loan - 2 & 3 Years Fixed Rate (owner occupier + investor)	6 Mar
MOVE	Down 0.06%	Lockit Home Loan - 1 Year Fixed rate	1 Mar
People's Choice Credit Union	Up 0.05%	Home Loan Package - 3 Years Fixed (owner occupier)	15 Mar

Source: finder.com.au



Several rate changes were also announced earlier this year. View [the full round-up of rate changes for January and February 2017](#) to see which products were affected.

###

We now have a news feed on Twitter! Follow us for the latest updates or drop us a line to say hi: [@finder_news](https://twitter.com/finder_news).

For further information:



Bessie Hassan
 Head of PR – Australia & Money Expert
 +61402 567 568
 +61 1300 FINDER (346 337)
Bessie@finder.com.au



Credit
Cards



Loans &
Savings



Insurance



Electricity
& Gas



Shopping
Deals

[Privacy Policy](#) | [About finder.com.au](#) | [Contact Us](#) | [Media Room](#)