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SPECIAL ADVERTISING FEATURE

Capitalising on a market boom

A leading home finance group has based itself on the Coast for the region's burgeoning real estate industry, writes Jason Oxenbridge.

PETER James, nephew of long-time Gold Coast resident Martin St James, is the founder of the Australia-wide brokering group Guardian Home Loans and Mortgage Ezy.

Mortgage Ezy lends more than \$300 million a year and has branch offices in Sydney, Melbourne, Adelaide and Perth.

Its head office is on the Gold Coast at Chevron Island.

Mr James saw the huge growth opportunities in real estate on the Gold Coast and spent more than \$3m on property as part of a plan for Mortgage Ezy and his mortgage brokering group, Guardian Home Loans. He said trends in the mortgage industry and property were following closely the US lead with mortgage brokers securing an increasing share of the mortgage market.

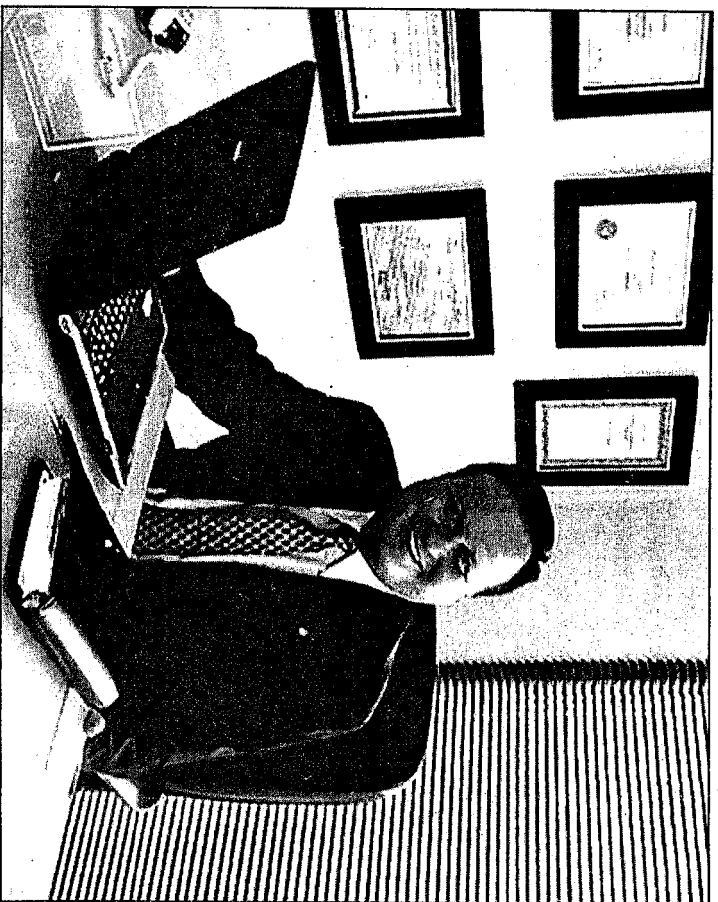
"In America very few people go to a bank to take a loan on property. The vast majority of mortgages are arranged by a mortgage broker accessing non-bank funding. In Australia mortgage brokers are arranging loans in record numbers," he said.

More than \$40 billion of loans are expected this year.

"Also following overseas trends is the enormous growth in non-bank lending, with this sector showing the fastest growth in the past year of nearly 50 per cent, compared with the banks with just 19 per cent.

"The explosive growth of the Lo Do market, which allows borrowers to obtain a loan without income verification, mirrors the US experience.

"Our Lo Doc program has been extended to provide loans to the unemployed as well as self-employed that cannot prove their income.



Peter James sees huge growth on the Coast

A mortgage alternative to bank loan

PRIVALETLY-owned Mortgage House started in Parramatta in Sydney and now has 25 branches Australia-wide.

Executive principal of Mortgage House Southport, Robert Duncan, said that because there was such a large turnover of funds (around \$300m a month), the company can offer a flexible loan package at a rate usually much lower than banks.

"We are mortgage originators pri-

marily. This means we buy our funds on the wholesale market and bring it to the public on a retail basis," said Mr Duncan. "If a loan falls outside our lending guidelines we are then able to use our broker arm, Mortgage House Broker Services, and place the deal with up to 30 other lenders.

"Around 85 per cent of our loans fit within our guidelines and therefore only 15 per cent approximately are with outside lenders.

Mortgage House sponsors St Kilda in the AFL, the Sydney Kings in the NBL, and the Brisbane Broncos in the NRL.

Ninety per cent of Mortgage House of Australia is owned by businessman Ken Seyer, while 10 per cent is owned by Macquarie Bank.

"We are non-bank home loan specialists and our motto is 'Mortgage House, the banking alternative'," said Mr Duncan.

"We are seeing an increasing number of Australians taking on debt-withdrawing equity from their homes to fund investment property purchases," said Mr James.

"This, together with the home ownership grant, has fuelled the property market.

"In Sydney and Melbourne this growth has occurred for many years, and growth now appears to be slowing. However, in Queensland property prices only took off after many years of growth in the major capitals.

"Many people are looking further afield from Melbourne and Sydney. They are buying holiday houses, investment property, or are simply cashing up their high-priced properties and relocating to Queensland, and the Gold Coast in particular.

"The fast boom on the Gold Coast was back in 1988.

"Over this period the price increases have been modest in comparison with other states.

"That boom occurred on the back of double-digit interest rates. That's why many believe high interest rates do not necessarily mean that growth in prices on the Gold Coast."