



Homeowners refinance as cost of living rises

ANTHONY KEANE

GROWING numbers of homeowners are restructuring their mortgages to combat higher interest rates and rising living costs, an Adelaide finance company says.

Oracle Lending Solutions director Angelo Benedetti said despite home loan approvals dropping to a three-year low this year, he had seen a 30 per cent increase in the number of loans being restructured.

"Just as the banks and lenders are having to restructure their debt to meet the challenges of a volatile market, so are their customers," Mr Benedetti said.

"Borrowers are also looking closely at their repayment plans and exploring ways to offset rising costs."

Mr Benedetti said more people were looking at consolidating their debt by

moving personal loans and credit card debts to their mortgage, which had a lower interest rate.

"Interestingly though, despite interest rates being high, borrowers appear to be sticking with variable rate loans, anticipating that rates will fall later in the year or early next year," he said.

"Borrowers appear to be cautious of fixed rates, fearing they may get caught at the top of the cycle if rates fall."

Mr Benedetti said flexibility was increasingly important for people with home loans, and many investors were streamlining their investments "to cut costs but also freeing up capital for new projects".

"With the market slowing down, investors know it's a good time to buy," he said.