



## Tweed shines as lenders skirt Gold Coast

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Tanya Westthorp | March 20th, 2012

LENDERS are more willing to hand over money to those wanting to buy a home in the Tweed than on the Gold Coast with the Glitter Strip viewed 'high risk' by those in the mortgage game.

Brokers are reporting the Gold Coast is regarded as a risk by banks, who have tightened their lending criteria for properties across the city, particularly on loans for units.

A drop in housing prices coupled with a high loan arrears rates and mortgagee in possessions has also lead to bank's becoming incredibly prudent with Gold Coast lending.

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The Tweed, however, is a completely different story.

While banks are reluctant to consider mortgage applications for 95 per cent or more for a Gold Coast property, they are much more relaxed about lending on the Tweed.

Home Loan Experts director Otto Dargan said scores of Gold Coasters were finding it increasingly difficult to get finance for a property without having a substantial amount of their own capital to inject into it.

"There are a lot of people who are getting let down by the major banks," he said.

"There's a saying in our industry that bank valuers wake up on the wrong side of the bed every day ... they will always have an approach that the property could fall in value.

"Banks are putting the microscope on a lot closer for Gold Coast loans."

Mr Dargan said despite widespread expectation that the Gold Coast property prices had hit rock bottom, bank valuers were still coming in with ultra low valuations, causing many people - particularly first home buyers - to fall short in the amount of deposit they had saved.

Banora Point mortgage broker Greg Davies of Davies Home Loans, said banks were more likely to lend to those wanting a Tweed home because property prices appeared to be closer to bank valuations and because there were not as many apartments on the market.

He said he had one client who tried to buy three apartments on the Gold Coast before she found one a bank valuer agreed was fairly priced.

"I've got some lenders whose mortgage insurance will not go above 85 per cent lend for a Gold Coast unit," he said.

"Valuers aren't as courageous after some were held to account when prices dropped during the GFC.

"About 50 per cent of my referrals are people that have hit a wall with their bank or financial institution and haven't been able to get what they want."

Australian Bankers Association CEO Steven Munchenberg said loans were treated on a case-by-case basis but the regional economic situation played a part.

The latest Australian Bureau of Statistics data showed a fall of 2.9 per cent in demand for home loans by owner occupiers in January and a 37.2 per cent drop in first home buyer loans in NSW after stamp duty exemptions were

removed.

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