



# RAMS Predicts 2001 will be 'The Year of the Home'

by **Charles Weiser**, Chief Executive Officer, RAMS Home Loans

2000 began with Millennium celebrations and the country was then taken over by Olympics fever. It was also economically one of the most uncertain years experienced since deregulation with four interest rate increases, fluctuations with the Australian dollar and the introduction of GST.

RAMS predicts the focus will be on consolidating wealth through property and an increasingly sophisticated approach to building financial portfolios, establishing quality of life and enjoying the family in an environment that is increasingly demanding of our time.

Having been at the cutting edge of the home loan industry since it first began operating in 1991, RAMS is well qualified in presenting an insight into what Australians can expect from the home loan market in 2001. These include:

## i) Market influences

- Interest rates will go down
- The Australian dollar issue will remain
- An increasingly buoyant Australian economy — with the removal of uncertainties such as the introduction of GST and the Olympics
- Increased entry from foreign investors
- Further fall-out in the dotcom economy
- Development of Australia's multi-speed economy with increased diversification and growth
- Australia will increasingly become a global market player

## ii) The market

- It has been suggested that the home loan market will reach \$125.9 billion by March 2001\*

- Stronger house prices in certain areas of Australia and in the outer suburbs of capital cities in States such as Victoria and NSW
- Globalisation of real estate — especially in Sydney

## iii) Non-banks vs banks

- 60/70% of customers are already on average looking at 4/5 home loan options before making an application — more choice means more competition and the home loan market will see more entrants in 2001
- The market will become increasingly polarised
- Banks will continue to raise their fees
- Further banking consolidation

## iii) Products

- The all-in-one home loan product will grow. RAMS Smartway, launched in March 2000, already accounts for 40% of home loans secured
- Customers will increasingly demand flexibility. Fixed options are no longer enough
- RAMS Home Solutions will maintain its role as the dominant player as it develops more partnerships and services — with copy cats likely to follow
- Investment home loan packages will flourish as this area enjoys rapid growth

## iv) Channels

- The mortgage industry has been one of the slowest to adopt cutting edge technology. Companies such as RAMS have changed this — RAMS Home Loans is recording triple the growth of online home loan approvals than similar mortgage lenders in the US. And those

buying mortgages on line are taking out larger loans than traditional world homebuyers

- Consumers will continue to be less 'risk adverse' and increasingly adopt the channels such as the Internet
- Customers like using the Net — more than the telephone in RAMS' experience — but they will also continue to demand face to face contact. This is why RAMS is investing in growing its Home Loan Manager team which visit customers in their home or office. All HLMs can be contacted 24/7 — via mobile phone and their own websites.

## iv) Customer service

- The customer is, and will continue to be, put first by companies who recognise that Australian home loan customers are some of the most sophisticated in the world
- The 24/7 culture will rule as time poor Australians look to have access to superb service and advice when they need it
- RAMS Home Solutions will come into its own as Australian home owners save money and time through RAMS' partnerships with other leading organisations to offer products and services to customers that have relevance to the home — from home maintenance to home living

## v) Customer trends

- Empty nesters and the baby boomers will continue as a growth market for home and investment property purposes
- Single females
- General rise of the Australian investor

\*Mintel

