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## Rate hikes deter buyers

RISING interest rates are discouraging first home buyers and keeping them in the rental market, which in turn is good for property investors, a mortgage broker says.

Property investors, who themselves say they aren't deterred by rising interest rates, can look forward to strong rental returns as larger numbers in the rental market keep rents from falling.

A survey released by online brokerage e-choice yesterday found that 41 per cent of would-be investors would reconsider if rates rose by 2 percentage points compared with 53 per cent present or prospective owner occupiers.

Mark Flack, executive director of e-choice's parent Firstfolio, said the outlook was good for investors as first-time buyers were shying

away from prospective purchases.

"We believe more prospective first home buyers will pull out of the market compared to property investors, and as such we see a great opportunity in the investment property market," Mr Flack said.

University of Western Sydney property lecturer Za Manaf said it was a "sellers" market, which made it hard for first home buyers to find an affordable property.

The e-choice survey found that between 20 and 22 per cent of respondents listed government charges and securing financing as the two biggest concerns when considering buying property.

A majority of respondents picked Melbourne, Perth and Adelaide suburbs as areas with the best property return prospects.