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**EXPERT WORRIED ABOUT  
'DEBT TIME BOMB'**

Increased first-homebuyer activity from the First Home Owner Boost could lead to a "debt time bomb", a property and finance expert said.

Peter Boehm, chief executive of first-homebuyer support website Our Home Sweet Home, said its latest analysis showed some homebuyers were taking advantage of low interest rates and improved affordability to borrow more, with the average first-time buyer borrowing \$51,000 more than 12 months ago.

"We have a potential debt time bomb on our hands. Lured by improved affordability and borrowing power, first-homebuyers are looking to suburbs and properties that traditionally were not in their reach and taking on more debt, possibly without appreciating what will happen when interest rates go up," he said.

The average size of a first mortgage has grown by 22 per cent from \$230,000 in March 2008 to about \$281,000 in March this year, according to the same research.

Mr Boehm advised homebuyers not to overcommit and to consider the merits of either a straight fixed-rate loan to lock in monthly repayments or a neutral interest-rate position with a split-rate loan, where the interest rate was split between a fixed and variable component.

"With economic uncertainty and future rate cuts unlikely, first-time buyers should be looking to reduce their debt as quickly as possible," he said.