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KUALA LUMPUR: Banks may have decided to raise home financing rates, but prospective homebuyers can still snap up selected properties at cheap rates at least until early next year.

“Most banks have revised their rates on average by 50 basis points, to base lending rate (BLR) minus 1.8%, but they don’t want to make a drastic revision and incur the repercussions.

“So the end-financing for selected projects is still using the old rates of BLR-2.4% to pull in more customers, and clear old stock,” Mortgage Broker Sdn Bhd sales director Adrian Un said.

Speaking to The Edge Financial Daily, Un said certain banks with a long-standing relationship with developers had extended the low financing rates, which would likely last until before Chinese New Year when such rates would no longer apply.

He said this could be seen with some blue-chip developers, which had enjoyed good success rates in home sales last year, adding the extended period over the next three months or so would allow them to clear the balance of their units.

In newspaper advertisements, Sime Darby Bhd’s property arm, Sime Darby Property Bhd, is offering home loan interest rates at BLR -2.4%, which is the most recent rate before the mortgage hikes, for its developments in Melawati, Bandar Bukit Raja and Bukit Jelutong.

According to its website, its panel of end-financiers comprises HSBC Bank Malaysia Bhd, Malayan Banking Bhd, CIMB Bank Bhd and Standard Chartered Bank Malaysia Bhd.

Un also concurred with market talk that the existing financing rates had been too low, eating into banks’ net interest margins, although he could not verify allegations that banks had colluded to hike up rates.

“It came to a point where one bank decided to take the initiative and raise rates, and others followed suit,” he said.

According to previous news reports, with mortgate rates as low as BLR-2.4%, banks would take at least two or three years to break even. The BLR is currently at 5.55%, while the average cost of funds for banks is 2%, HwangDBS Vickers Research had said.

Meanwhile, Un said the higher rates would benefit all quarters, given that some individuals had taken advantage of the cheap rates to overbuy and overexpose themselves in the property market.

He also said while one or two foreign banks had yet to increase their rates, the market environment meant it would only be a matter of time before they did.

On another note, UMortgage Planners mortgage consultant David Tan said mortgage brokers’ margins were largely unaffected by the rise in home financing rates.

"We do not see our business being affected by this, nor do I see problems arising in the industry. With rates in the BLR-1.5% or –1.8% region, it is still a good time to refinance, especially compared to three or four years ago, when it was BLR-0.25%," he said.

He added, however, customers who spent too much time rethinking whether or not to refinance their home loans could end up missing the boat, as financing rates rose further.

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