

**Listen to this dialogue between David and his sister, Jackie.**

**Optional exercise**

Read the following statements and decide whether they are TRUE or FALSE according to the listening.

1. David and Simon have bought a flat as an investment for their future.
2. David and Simon were paying more for a rented flat than for a mortgage.
3. David's sister thinks it might have been better to wait before buying a flat.
4. According to a report that David read, property prices will soon stop rising.
5. Household rates rise when borrowing is high.

(Answers below)

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*Jackie* So, David, you and Simon have finally bought a flat together. What a surprise!

*David* Yes. It seemed like the best idea. We aren't getting any younger and neither of us have got a pension to speak of.

*Jackie* Well, property is a safer bet than any formal pension. Property prices are always on the up. I suppose you can't really go wrong.

*David* Yeah, that's what we thought. Then there's the rent issue. Prices in south London are crazy. We've been paying around a thousand pounds a month rent for years. The mortgage repayments are just a little more. So we thought, why not invest in our own future instead of the future of our landlady? (laughter)  
So we took the plunge. It's only a small flat but it's great to be home owners at last. We're on the first rung of the property ladder now. It feels great - a bit scary though.

*Jackie* Well I'm glad you're thinking about your future. I don't know whether it's a good time to buy, though. Surely property prices just can't carry on going up and up? The bubble will have to burst at some point. Wouldn't it have been better to wait a bit?

*David* Jackie, stop worrying. You're worse than Mum. We have looked into this carefully. Simon knows more than me because he works in banking. There's no evidence that prices will fall. There was a report in The Economist the other day and it said that house prices are at an all time record high just about everywhere - the UK and the rest of Europe, the States, New Zealand - and there's no sign that the trend is going to change.

*Jackie* Yes, but -

*David* (interrupts) - we do know what we're doing you know. Rate increases are what we really need to worry about.

*Jackie* Rates?

*David* Yeah, apparently when household debt increases and more people borrow money to buy a home, there is a tendency for rates to increase. But we've taken care of that. Our mortgage insurance protects us because it's locked into a long-term low rates so we won't be affected by a rise in rates.

*Jackie* Sounds like you've thought of everything (laughing)

*David* Yeah, well, you know what Simon is like. He's got a good head for figures and he isn't one to take risks.

*Jackie* And how is Simon? I thought he'd be with you today.

*David* Oh he's fine - really excited in fact. He couldn't make it today. He's busy organising our flat warming party. He's got all the recipe books out. We were thinking of a week Saturday.

**Answers:**

1. True, 2. False, 3. True, 4. False, 5. True