

VIC

RECORD INVESTMENT ACTIVITY DRIVES MORTGAGE VOLUMES TO ALL TIME HIGH: MAY FIGURES

4 June 2014

Record demand for investment mortgages, comprising 40% of all new home loans, saw AFG, Australia's largest mortgage broker, process an unprecedented \$4.2 billion in mortgages last month. While investor activity has been very strong for most of 2014, May was the first month that AFG has processed 2 out of every 5 new home loans for investors.

The \$4.2 billion figure is 17% higher than for May 2013, and 4% above the previous record volume of \$4.0 billion processed by AFG in October 2013.

Investment volumes in NSW was the highest in the country last month at 49% - for much of the past year, nearly 1 out of every 2 home loans processed in NSW has been for investment purposes. Also in May, investor demand accounted for 40% of all new home loans in Victoria – the highest figure recorded by AFG in this state. Queensland has also seen a steady rise in investor activity during the past 3 months from 32% of all new home loans in February to 39% in May. Investor activity accounted for 34% of mortgage volumes in South Australia and 31% in Western Australia last month.

Kevin Matthews, Director of AFG says: 'Despite the fall in consumer confidence caused by the recent federal budget, low and stable interest rates are a key factor in encouraging borrowers to participate in the real estate market. Recent independent research shows that one in two borrowers are now using mortgage brokers, which no doubt also contributed to our record result.'

First home buyer activity across the country held steady at 10%, although a wide disparity remains between states where grants are provided for first home buyers, such as WA, where they comprise 22% of all new home loans, and states where there are no grants, such as NSW, where first home buyers comprise just 3.5%.

Non-major lenders recaptured some of the gains made by major lenders last month, taking 25% of all new home loans. Most of these gains were in the first home buyer market where the share of non-major lenders rose to 30%.

Fixed rate loans comprised 24% of all mortgages processed last month – for most of the year, fixed rates have remained consistent around this level.

ENDS

CONTACT DETAILS

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AFG MORTGAGES SOLD
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
Mar 13	7,898	\$3,181 m	\$402k	37.1%	12.9%	35.7%
Apr 13	8,005	\$3,200 m	\$399k	35.9%	12.4%	35.6%
May 13	8,921	\$3,608 m	\$404k	36.5%	13.6%	34.0%
June 13	7,575	\$3,079 m	\$406k	37.9%	12.8%	36.6%
July 13	8,482	\$3,407 m	\$401k	35.9%	11.6%	35.2%
Aug 13	8,767	\$3,613 m	\$412k	38.7%	11.3%	33.5%
Sept 13	8,660	\$3,624 m	\$418k	38.1%	11.3%	31.5%
Oct 13	9,597	\$4,057 m	\$422k	38.4%	11.1%	34.3%
Nov 13	9,162	\$3,994 m	\$436k	39.3%	10.3%	33.9%
Dec 13	7,213	\$3,054 m	\$423k	38.8%	10.2%	35.1%
Jan 14	6,297	\$2,585 m	\$410k	38.9%	11.8%	33.1%
Feb 14	8,740	\$3,759 m	\$430k	38.9%	9.9%	33.6%
Mar 14	9,264	\$4,048 m	\$436k	39.6%	10.7%	33.9%
Apr 14	8,517	\$3,674 m	\$431k	39.0%	10.1%	34.1%
May 14	9,815	\$4,218 m	\$429k	40.0%	10.2%	34.7%

AFG MORTGAGES SOLD
TABLE 2: VIC

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	FIRST TIME BUYERS	PROPERTY INVESTORS
Mar 13	1,832	\$705 m	\$385k	18.3%	34.8%
Apr 13	1,784	\$693 m	\$388k	18.3%	33.1%
May 13	2,078	\$794 m	\$382k	18.9%	34.9%
June 13	1,817	\$706 m	\$388k	16.5%	36.3%
July 13	1,960	\$759 m	\$387k	13.4%	32.9%
Aug 13	2,029	\$795 m	\$391k	11.2%	36.7%
Sept 13	1,947	\$773 m	\$397k	10.9%	37.8%
Oct 13	2,214	\$918 m	\$414k	11.3%	37.7%
Nov 13	2,116	\$904 m	\$427k	11.4%	38.2%
Dec 13	1,681	\$682 m	\$406k	8.7%	36.6%
Jan 14	1,494	\$625 m	\$418k	11.2%	37.4%
Feb 14	2,111	\$885 m	\$419k	10.3%	38.4%
Mar 14	2,242	\$936 m	\$417k	12.2%	36.5%
Apr 14	2,146	\$875 m	\$408k	10.9%	36.9%
May 14	2,399	\$999 m	\$416k	10.7%	40.2%

MAJOR VS NON MAJOR LENDER MARKET SHARE
TABLE 3: BY BUYER TYPE

MONTH	TOTAL MORTGAGES		REFINANCE		FIRST HOME BUYERS		INVESTORS	
	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR
2013 04	78.9%	21.1%	74.7%	25.4%	75.2%	24.8%	80.4%	19.6%
2013 05	77.2%	22.8%	72.9%	27.1%	74.3%	25.7%	79.7%	20.3%
2013 06	75.1%	24.9%	70.4%	29.6%	74.6%	25.4%	77.9%	22.0%
2013 07	73.6%	26.4%	68.2%	31.8%	71.9%	28.1%	75.2%	24.8%
2013 08	74.9%	25.1%	66.8%	33.2%	73.7%	26.3%	77.9%	22.1%
2013 09	73.7%	26.2%	67.1%	32.9%	73.2%	26.8%	76.1%	23.9%
2013 10	74.9%	25.1%	69.6%	30.4%	73.1%	26.9%	76.3%	23.7%
2013 11	72.3%	27.7%	64.4%	35.6%	71.8%	28.2%	74.7%	25.3%
2013 12	73.6%	26.4%	68.3%	31.7%	70.8%	29.2%	75.9%	24.1%
2014 01	76.0%	24.0%	70.0%	30.0%	73.5%	26.5%	80.2%	19.8%
2014 02	73.1%	26.9%	66.7%	33.3%	72.8%	27.2%	75.8%	24.2%
2014 03	74.6%	25.4%	68.2%	31.8%	68.4%	31.6%	76.8%	23.2%
2014 04	75.2%	24.8%	68.9%	31.1%	72.2%	27.8%	76.9%	23.1%
2014 05	74.7%	25.3%	69.2%	30.8%	70.4%	29.6%	77.2%	22.8%

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 4: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2013 03	402,848	477,063	349,322	333,937	385,252	414,583	352,875
2013 04	399,830	479,400	341,419	320,214	388,968	406,558	377,217
2013 05	404,452	486,232	348,914	308,103	382,428	420,735	399,894
2013 06	406,573	494,423	344,075	322,774	388,630	408,832	435,456
2013 07	401,749	487,312	341,665	321,050	387,300	397,351	435,998
2013 08	412,125	505,365	352,671	315,098	391,988	410,861	392,414
2013 09	418,550	507,859	357,343	324,148	397,162	421,761	374,346
2013 10	422,758	512,192	355,836	353,916	414,923	410,299	383,306
2013 11	436,002	529,136	360,296	338,946	427,537	436,015	399,299
2013 12	423,510	516,483	358,121	319,007	406,055	437,591	379,182
2014 01	410,543	485,268	350,785	326,646	418,752	416,173	380,723
2014 02	430,194	518,145	357,754	333,958	419,253	430,772	378,874
2014 03	436,983	529,763	372,809	339,568	417,604	435,643	367,476
2014 04	431,484	528,674	364,432	334,894	408,827	439,959	423,630
2014 05	429,794	524,009	369,926	323,841	416,521	423,236	391,383

LOAN VALUE RATIOS (loan stated as % of property value)
TABLE 5: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2013 04	68.6%	67.3%	68.0%	68.9%	72.0%	70.0%	65.6%
2013 05	68.5%	66.5%	69.1%	68.1%	70.1%	70.8%	66.1%
2013 06	68.6%	66.3%	67.2%	69.9%	70.1%	71.4%	66.5%
2013 07	68.4%	66.2%	68.4%	68.9%	71.0%	70.9%	64.8%
2013 08	68.2%	66.6%	70.3%	67.8%	71.0%	71.8%	61.4%
2013 09	68.5%	68.0%	69.0%	68.5%	71.2%	73.8%	60.5%
2013 10	69.1%	66.4%	70.1%	71.1%	70.7%	71.7%	64.6%
2013 11	68.9%	65.5%	69.8%	68.6%	71.0%	70.7%	67.9%
2013 12	67.3%	65.4%	68.7%	70.0%	69.5%	71.3%	59.2%
2014 01	68.0%	64.5%	68.8%	68.9%	72.3%	71.6%	61.6%
2014 02	68.0%	65.6%	69.0%	67.8%	72.0%	71.0%	62.3%
2014 03	68.0%	64.6%	68.0%	70.9%	71.9%	71.3%	61.3%
2014 04	66.7%	64.2%	65.0%	70.3%	72.4%	70.5%	58.1%
2014 05	68.8%	65.7%	68.0%	68.5%	71.4%	70.5%	68.6%

LOAN TYPE

TABLE 6: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
Apr 13	4.9%	6.2%	30.7%	4.9%	53.2%
May 13	5.3%	5.4%	28.5%	5.0%	55.8%
June 13	4.4%	5.8%	27.4%	5.2%	57.2%
July 13	4.5%	5.1%	28.9%	5.8%	55.6%
Aug 13	4.2%	5.6%	26.1%	5.6%	58.5%
Sept 13	3.4%	4.7%	27.3%	6.0%	58.5%
Oct 13	3.8%	4.6%	27.7%	5.3%	58.5%
Nov 13	3.7%	5.1%	27.9%	5.4%	57.8%
Dec 13	3.7%	5.2%	24.9%	6.4%	59.8%
Jan 14	3.3%	4.7%	23.9%	9.7%	58.2%
Feb 14	3.6%	4.6%	25.0%	7.7%	59.1%
Mar 14	3.5%	4.6%	23.9%	7.8%	60.1%
Apr 14	3.8%	4.6%	24.0%	7.6%	59.9%
May 14	4.5%	4.5%	23.9%	7.5%	59.5%

DEFINITIONS

1. **Standard Variable:** includes the full range of features available.
2. **Basic Variable:** without some features, lower fees and rates.
3. **Intro:** also known as 'honeymoon' where the borrower is offered a very cheap initial rate (fixed or variable) before the loan reverts to a Standard Variable.
4. **Fixed:** interest rate is fixed for a nominated period before it reverts to a Standard Variable.
5. **Equity:** also known as 'line of credit' allows the borrower to draw out money up to a specified limit. Generally more expensive than Standard Variable loans.

NOTE TO EDITORS

AFG is Australia's largest mortgage broking group and one of the country's largest financial services companies. Established in 1994, the company now provides more than 20% of brokers nationwide with access to Australia's leading lending institutions, and has a mortgage book in excess of \$89 billion.