

NSW

RECORD HIGH FOR HOME LOANS IN OCTOBER

Investment loans ease – but first home buyers at lowest levels ever

9 November 2014

AFG, Australia's largest mortgage broker, processed more home loans last month than at any time in its twenty one year history, according to figures published today. AFG Mortgage Index shows that the company processed a total of \$4.7 billion in mortgages last month, an increase of 9% over September (which was the previous all-time high), and 17% higher than in October 2013. For the first time in a single month, the company processed over 10,000 home loans (10,463).

But mortgages processed for investors slipped in every state. The most marked fall was in South Australia, where investment home loans declined from 36.4% to 30.5% month on month. In NSW, investment home loans eased from 49.7% to 48.7%, in QLD from 34.9% to 32.0%, in VIC from 37.2% to 35.9% and in WA from 32.2% to 30.2%. Nationally, investor home loans represent 38.7% of all mortgages processed, down from a peak of 40.3% recorded last month.

Mark Hewitt, General Manager of Sales and Operations says: 'October has traditionally been one of the strongest months for property and the spring buying season is well and truly upon us, which is why we're seeing the increase in owner-occupier loans. Of particular concern, however, is that first home buyer loans have fallen to unprecedented lows in places like New South Wales. If this continues we are going to end up with a whole generation of renters.'

Mortgages processed for first home buyers fell from its previous record low of 8.4% of all home loans in September to just 7.2% nationally. First home buyer loans have declined each month since June this year when they represented 10.8% of all home loans processed. NSW continues to have the fewest first home loan borrowers (2.2%), followed by QLD (4.7%), SA (7.3%), VIC (8.3%) and WA (17.9%). If WA was to be removed from the equation, the average level of first home buying on the eastern seaboard would be around 5% - about a third of the long term average.

More information for each state can be found at www.afgonline.com.au under Media Hub – News and Data.

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 |
|---------|--------------|--------------|--------------|--------------------|-------------------|-------------|
| 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% |
| June 14 | 8,745 | \$3,794 m | \$433k | 39.2% | 10.8% | 36.7% |
| July 14 | 9,300 | \$4,122 m | \$443k | 38.0% | 9.8% | 36.1% |
| Aug 14 | 9,087 | \$3,959 m | \$435k | 39.0% | 9.5% | 35.3% |
| Sep 14 | 9,839 | \$4,365 m | \$443k | 40.3% | 8.4% | 36.0% |
| Oct 14 | 10,463 | \$4,755 m | \$454k | 38.7% | 7.2% | 34.7% |

AFG MORTGAGES SOLD
TABLE 2: NSW

| MONTH | TOTAL NUMBER | TOTAL AMOUNT | AVERAGE SIZE | FIRST TIME BUYERS | PROPERTY INVESTORS |
|---------|--------------|--------------|--------------|-------------------|--------------------|
| Aug 13 | 2,288 | 1,156 m | \$505k | 4.3% | 49.5% |
| Sept 13 | 2,295 | 1,165 m | \$507k | 3.8% | 47.5% |
| Oct 13 | 2,526 | 1,293 m | \$512k | 3.5% | 47.2% |
| Nov 13 | 2,429 | 1,285 m | \$529k | 2.8% | 48.5% |
| Dec 13 | 1,799 | 929 m | \$516k | 3.5% | 48.9% |
| Jan 14 | 1,365 | 662 m | \$485k | 3.4% | 53.4% |
| Feb 14 | 2,354 | 1,219 m | \$518k | 3.4% | 47.5% |
| Mar 14 | 2,520 | 1,335 m | \$529k | 3.4% | 49.0% |
| Apr 14 | 2,158 | 1,140 m | \$528k | 3.1% | 46.9% |
| May 14 | 2,499 | 1,308 m | \$524k | 3.5% | 48.8% |
| June 14 | 2,318 | 1,221 m | \$526k | 3.4% | 45.9% |
| July 14 | 2,398 | 1,210 m | \$506k | 3.4% | 47.8% |
| Aug 14 | 2,455 | 1,306 m | \$532k | 3.5% | 48.7% |
| Sep 14 | 2,775 | 1,512 m | \$545k | 3.7% | 49.7% |
| Oct 14 | 2,996 | 1,729 m | \$577k | 2.2% | 48.7% |

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 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% |
| 2014 06 | 74.9% | 25.1% | 70.3% | 29.7% | 72.6% | 27.4% | 76.9% | 23.1% |
| 2014 07 | 74.7% | 25.3% | 67.9% | 32.1% | 71.4% | 28.6% | 77.5% | 22.5% |
| 2014 08 | 73.8% | 26.2% | 68.0% | 32.0% | 69.3% | 30.7% | 76.8% | 23.2% |
| 2014 09 | 73.2% | 26.8% | 64.9% | 35.1% | 68.1% | 31.9% | 75.5% | 24.5% |
| 2014 10 | 71.7% | 28.3% | 67.5% | 32.5% | 69.1% | 30.9% | 73.8% | 26.2% |

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 4: STATE BY STATE

| MONTH | AUSTRALIA | NSW | QLD | SA | VIC | WA | NT |
|---------|-----------|---------|---------|---------|---------|---------|---------|
| 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 |
| 2014 06 | 433,960 | 526,954 | 373,126 | 335,919 | 419,893 | 424,349 | 425,155 |
| 2014 07 | 443,244 | 506,696 | 373,911 | 335,791 | 469,672 | 434,707 | 397,685 |
| 2014 08 | 435,782 | 532,105 | 365,571 | 338,525 | 422,125 | 428,916 | 401,888 |
| 2014 09 | 443,729 | 545,048 | 359,100 | 325,999 | 426,979 | 450,527 | 379,036 |
| 2014 10 | 454,516 | 577,439 | 367,670 | 352,569 | 425,011 | 437,373 | 408,427 |

LOAN VALUE RATIOS (loan stated as % of property value)

TABLE 5 : ALL AUSTRALIA*

| MONTH | BASIC | EQUITY | FIXED | INTRO | STANDARD |
|---------|-------|--------|-------|-------|----------|
| Sept 13 | 5.9% | 4.9% | 20.1% | 4.7% | 64.4% |
| Oct 13 | 5.6% | 4.7% | 20.7% | 4.2% | 64.8% |
| Nov 13 | 5.9% | 5.0% | 20.8% | 4.3% | 64.0% |
| Dec 13 | 6.1% | 5.1% | 18.5% | 4.8% | 65.6% |
| Jan 14 | 6.4% | 4.6% | 17.5% | 6.7% | 64.8% |
| Feb 14 | 6.0% | 5.1% | 18.3% | 5.3% | 65.3% |
| Mar 14 | 6.1% | 5.1% | 17.2% | 5.6% | 66.0% |
| Apr 14 | 5.9% | 5.3% | 17.5% | 5.5% | 65.9% |
| May 14 | 6.9% | 5.1% | 17.6% | 5.3% | 65.1% |
| June 14 | 6.2% | 5.0% | 17.2% | 5.1% | 66.6% |
| July 14 | 6.3% | 4.8% | 16.8% | 6.6% | 65.5% |
| Aug 14 | 6.5% | 4.2% | 17.8% | 6.3% | 65.2% |
| Sept 14 | 6.2% | 4.3% | 18.2% | 5.9% | 65.3% |
| Oct 14 | 5.2% | 4.1% | 18.2% | 5.6% | 66.9% |

*Data has varied since last month's table due to the inclusion of loans previously unspecified.

LOAN TYPE

TABLE 6: ALL AUSTRALIA

| MONTH | BASIC | EQUITY | FIXED | INTRO | STANDARD |
|---------|-------|--------|-------|-------|----------|
| 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% |
| June 14 | 4.1% | 4.2% | 24.2% | 7.3% | 60.3% |
| July 14 | 4.5% | 3.8% | 24.0% | 9.6% | 58.1% |
| Aug 14 | 4.2% | 3.9% | 24.9% | 8.9% | 57.9% |
| Sept 14 | 4.1% | 3.8% | 25.3% | 8.4% | 58.3% |
| Oct 14 | | | | | |

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.