

NATIONAL

FIRST HOME BUYER STRENGTH CONCEALS LENDING SQUEEZE: LATEST FIGURES

6 April 2009

Continued strength in first home buying delivered a record month of mortgage sales in March according to AFG, Australia's largest mortgage broker. The AFG Mortgage Index shows the company arranged a record \$800 million of mortgages for first home buyers, comprising 28% of all new mortgages in March. This pushed total sales for the company to \$3.1 billion – it's best month ever, 18% ahead of a boom February and 48% higher than for March 2008.

First home buyers were most active in New South Wales, where one third of all mortgages were arranged for them. First home buying was almost as active in Victoria (29% of all new home loans), with Queensland on 27%, WA on 25% and South Australia on 20. First home buyer participation has emerged from historically lows when mortgage rates peaked at 9.6% in August 2008.

Disturbingly, the rebound in Australia's mortgage market could quickly turn to a hangover if government grants are withdrawn at the end of June.

Mark Hewitt, General Manager Sales and Operations says: "The lending landscape has changed dramatically over the past 12 months. There are now far fewer lenders with the demise of the 2nd tier and some of the major banks, who now dominate the market, have reduced LVRs as well as imposing other tougher conditions on borrowers.

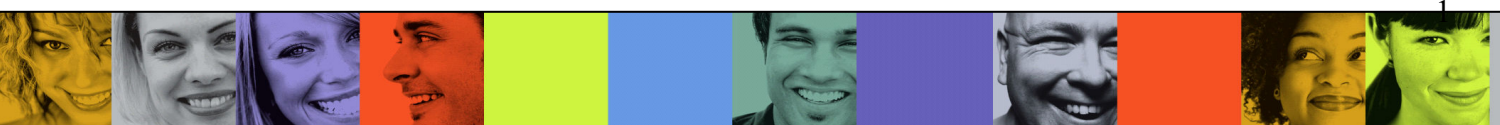
"The boom we are experiencing masks growing evidence of credit tightening by major lenders. The truth is that we're seeing a big reduction in the proportion of loans that are approved and eventually settle. Once the boost to the first home buyer grants end in June, we face the possibility of a bleak mortgage winter.

"Consumer confidence is critical and the boost to the grant has arguably been the government's most successful stimulus policy. The resilience of Australia's housing market, which has also been seen in positive house price data, is the one big ray of sunshine in our economy. Robust housing demand is critical if we are to bring the construction industry back online producing much-needed new supply and protecting jobs.

"The major lenders have benefited from generous government support measures and they must come to the part by continuing to provide home owners with access to credit on reasonable terms." Hewitt said.

AFG Mortgage Index also shows the proportion of property investors has been falling for the past six months from an average of 31% of all loans in September 2008 to a low of 24.5% in March. Part of this fall may be technical, due to the increased proportion of first home buyers, but tougher lending is also impacting on the ability of property investors to borrow.

Fixed rate mortgages moved up from an all time low of 2.5% in February to 3.7% last month, signalling that more people are beginning to see the rate-cut cycle as coming to



an end. This is a measure that will be watched closely as we approach the bottom of the interest rate cycle.

Figures for each state are available at: www.afgonline.com.au under Corporate - News.

ENDS

PLEASE SEE TABLES OVERLEAF

CONTACT DETAILS:

Mark Hewitt, General Manager Sales and Operations

Tel 08 9420 7888

Australian Finance Group Ltd

David Michie:

Mob 0411 453 404

Mosaic Reputation Management

PLEASE FIND TABLES ON FOLLOWING PAGE



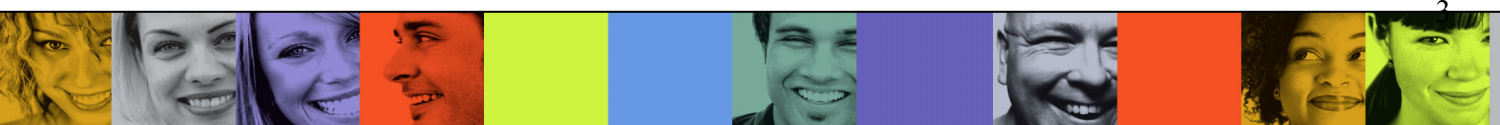
AFG - First with the Figures

AFG MORTGAGES SOLD
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
Feb 08	7,574	\$2,438 m	\$321k	29.0%	11.5%	38.42%
Mar 08	6,498	\$2,120 m	\$326k	31.4%	11.2%	39.34%
Apr 08	7,125	\$2,247 m	\$315k	33.2%	10.6%	35.9%
May 08	6,691	\$2,233 m	\$333k	32.8%	10.9%	36.1%
June 08	5,939	\$2,026 m	\$341k	32.2%	10.6%	36.5%
July 08	6,935	\$2,370 m	\$341k	29.9%	11.6%	40.78%
Aug 08	5,770	\$1,908 m	\$330k	30.05%	13.3%	37.9%
Sep 08	6,231	\$2,102 m	\$337k	31.37%	14.4%	39.1%
Oct 08	7,003	\$2,473 m	\$353k	29.9%	16.4%	40.9%
Nov 08	7,003	\$2,421 m	\$345k	27.6%	22.0%	37.9%
Dec 08	6,304	\$2,220 m	\$352k	28.0%	21.2%	37.2%
Jan 09	5,607	\$1,903 m	\$339k	26.5%	25.8%	34.7%
Feb 09	7,673	\$2,674 m	\$348k	25.4%	26.1%	34.2%
Mar 09	8,988	\$3,153 m	\$350k	24.5%	28.1%	32.6%

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 2: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA
2008 02	321,955	370,972	313,930	257,830	297,196	346,328
2008 03	326,375	374,254	307,171	257,040	325,928	351,209
2008 04	315,412	391,160	291,649	229,878	297,749	349,503
2008 05	333,876	386,697	317,693	269,311	287,271	386,305
2008 06	341,243	403,784	324,589	281,035	305,943	369,636
2008 07	341,883	417,551	310,818	273,698	313,487	372,227
2008 08	330,805	367,730	324,762	271,336	302,636	363,039
2008 09	337,384	400,879	321,878	274,764	298,972	369,002
2008 10	353,223	418,458	326,192	275,938	328,753	398,105
2008 11	345,751	381,793	331,241	283,430	316,554	400,680
2008 12	352,267	391,297	333,838	295,123	325,161	399,241
2009 01	339,407	398,842	322,887	288,037	293,364	372,320
2009 02	348,539	391,142	335,992	309,305	308,700	385,463
2009 03	350,876	395,690	329,326	301,893	317,342	382,913



LOAN VALUE RATIOS
(Loan stated as % of property value)
TABLE 3: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA
2007 10	65.9%	69.4%	66.8%	66.9%	67.0%	59.4%
2007 11	65.2%	68.3%	66.7%	65.3%	70.6%	54.9%
2007 12	62.8%	67.8%	63.7%	64.3%	68.1%	49.9%
2008 01	62.7%	61.7%	64.5%	65.0%	68.8%	53.2%
2008 02	64.5%	68.5%	64.6%	65.8%	69.8%	53.6%
2008 03	64.8%	69.4%	66.5%	64.2%	69.6%	54.4%
2008 04	65.5%	72.0%	64.3%	63.6%	71.9%	55.5%
2008 05	65.7%	68.5%	64.8%	65.1%	70.9%	59.2%
2008 06	64.9%	70.0%	66.5%	64.1%	69.9%	54.1%
2008 07	66.4%	69.2%	65.1%	67.5%	69.9%	60.1%
2008 08	66.7%	71.5%	64.2%	68.0%	69.3%	60.2%
2008 09	65.9%	70.5%	66.4%	63.0%	67.3%	62.1%
2008 10	68.7%	71.5%	67.7%	68.7%	71.6%	63.7%
2008 11	72.0%	75.4%	71.1%	71.8%	73.8%	67.8%
2008 12	70.8%	74.9%	69.8%	68.4%	73.9%	67.1%
2009 01	72.5%	75.4%	72.0%	69.9%	74.4%	70.8%
2009 02	72.7%	76.6%	72.0%	69.6%	75.0%	70.6%
2009 03	73.6%	76.2%	73.5%	72.4%	76.3%	69.8%

LOAN TYPES
TABLE 4: ALL AUSTRALIA

MONTH	BASIC VARIABLE	EQUITY	FIXED	INTRO	STANDARD VARIABLE
Dec 07	18.9%	14.2%	23.3%	4.7%	38.8%
Jan 08	18.8%	14.3%	24.3%	5.8%	35.3%
Feb 08	17.3%	14.3%	25.3%	5.0%	35.6%
Mar 08	16.9%	15.2%	24.0%	5.3%	38.5%
Apr 08	18.5%	14.5%	18.4%	9.5%	39.1%
May 08	18.2%	15.2%	13.7%	12.8%	39.9%
June 08	19.5%	15.5%	11.5%	12.7%	40.8%
July 08	19.0%	14.6%	7.9%	13.7%	44.8%
Aug 08	21.9%	15.6%	4.9%	8.7%	48.9%
Sep 08	21.1%	14.7%	4.9%	8.9%	50.3%
Oct 08	21.2%	14.6%	4.5%	8.1%	51.6%
Nov 08	21.9%	13.1%	3.2%	9.9%	51.8%
Dec 08	17.8%	13.5%	5.7%	12.7%	50.3%
Jan 09	17.1%	11.5%	4.1%	17.3%	50.0%
Feb 09	15.1%	11.8%	2.5%	21.8%	48.8%
Mar 09	15.4%	11.5%	3.7%	20.5%	48.9%



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 wholesaler of mortgage finance. 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 \$50 billion.

