

## NATIONAL

### Upper end resilient as mortgage 'recession' confirmed

3 July 2008

The national slowdown in mortgage sales continued during June, with the volume of mortgages sold by AFG, Australia's largest mortgage broker, declining 9.2% on figures for May, and 22.0% compared to June 2007. AFG sold 5,939 mortgages in June 2008, totalling \$2 billion in finance, compared with 8,195 mortgages and \$2.6 billion in finance in June 2007.

AFG Mortgage Index shows that mortgage sales nationally have now experienced two successive quarters of negative growth – the definition of an economic recession. AFG is Australia's biggest mortgage broker with 10% of the national market (Source: AFG and ABS statistics).

Also during the past year the average mortgage size has increased from \$317k in June 2007 to \$341k last month – a rise of 7.5%. Biggest mortgage size increases have been in South Australia (13.5%), Queensland (11.7%) and New South Wales (7.6%), with average mortgage sizes growing by 6.1% in Victoria and holding steady in WA.

Mark Hewitt, General Manager of Sales & Operations says: "At first glance it may seem strange for an industry hit by rate rises to see average mortgage sizes increasing. But what these figures show us is that many people who would normally be taking out smaller or medium size mortgages just can't afford to. The upper end of the market is proving the most resilient – i.e. buyers with significant equity in their homes or investment properties."

AFG Mortgage Index also shows the proportion of buyers taking out fixed rate loans has fallen to 11.5% - the lowest figure in nearly three years. Fixed rate loans peaked in November 2007 at 27.3% of all new home loans. The vast majority of new buyers would now seem to think that the future of rates is steady or down, rather than up.

Refinancing through mortgage brokers continues at a relatively high rate of 36.5% of all new mortgages as property buyers continue to seek more competitive deals.

Figures for each state are available at: [www.afgonline.com.au](http://www.afgonline.com.au) under News.

## ENDS

### PLEASE SEE TABLES OVERLEAF

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AFG MORTGAGE INDEX – June 2008

AFG - First with the Figures

AFG MORTGAGES SOLD  
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	% REFINANCE
May 07	9,762	\$3,108 m	\$318k	33.0%	34.97%
June 07	8,195	\$2,600 m	\$317k	33.7%	35.19%
July 07	8,645	\$2,760 m	\$319k	30.8%	33.52%
Aug 07	9,412	\$3,030 m	\$321k	32.3%	32.98%
Sep 07	7,412	\$2,442 m	\$329k	32.9%	34.65%
Oct 07	8,797	\$2,840 m	\$322k	31.0%	36.24%
Nov 07	8,221	\$2,742 m	\$333k	32.5%	36.43%
Dec 07	6,125	\$1,999 m	\$326k	33.9%	35.24%
Jan 08	6,471	\$2,056 m	\$317k	30.8%	37.04%
Feb 08	7,574	\$2,438 m	\$321k	29.0%	38.42%
Mar 08	6,498	\$2,120 m	\$326k	31.4%	39.34%
Apr 08	7,125	\$2,247 m	\$315k	33.2%	35.9%
May 08	6,691	\$2,233 m	\$333k	32.8%	36.1%
June 08	5,939	\$2,026 m	\$341k	32.2%	36.5%

AVERAGE MORTGAGE SIZE IN DOLLARS  
TABLE 2: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA
2007 05	318,462	382,498	302,921	249,325	281,070	359,123
2007 06	317,318	375,185	290,392	247,624	288,333	369,293
2007 07	319,353	374,226	301,871	242,860	289,451	371,997
2007 08	321,945	380,922	303,562	255,750	289,476	365,340
2007 09	329,489	382,790	318,840	253,900	304,950	369,965
2007 10	322,922	388,739	308,928	260,834	290,875	351,450
2007 11	333,544	390,076	317,168	258,437	308,500	370,068
2007 12	326,413	377,299	315,673	250,111	302,884	354,297
2008 01	317,829	379,064	296,852	249,645	296,231	361,675
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



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

	<b>AUSTRALIA</b>	<b>NSW</b>	<b>QLD</b>	<b>SA</b>	<b>VIC</b>	<b>WA</b>
<b>2007 01</b>	65.8%	68.9%	69.2%	67.9%	64.6%	58.1%
<b>2007 02</b>	67.5%	68.7%	68.5%	68.0%	72.2%	60.2%
<b>2007 03</b>	63.7%	66.9%	59.7%	65.6%	69.7%	56.8%
<b>2007 04</b>	66.7%	67.7%	67.8%	69.4%	73.0%	55.4%
<b>2007 05</b>	66.4%	69.4%	66.9%	67.9%	71.2%	56.8%
<b>2007 06</b>	65.8%	70.8%	68.1%	66.8%	68.5%	55.1%
<b>2007 07</b>	67.7%	72.9%	67.8%	68.5%	71.4%	57.6%
<b>2007 08</b>	66.4%	70.3%	67.7%	68.8%	70.1%	55.3%
<b>2007 09</b>	66.3%	67.6%	69.7%	68.1%	70.3%	56.0%
<b>2007 10</b>	65.9%	69.4%	66.8%	66.9%	67.0%	59.4%
<b>2007 11</b>	65.2%	68.3%	66.7%	65.3%	70.6%	54.9%
<b>2007 12</b>	62.8%	67.8%	63.7%	64.3%	68.1%	49.9%
<b>2008 01</b>	62.7%	61.7%	64.5%	65.0%	68.8%	53.2%
<b>2008 02</b>	64.5%	68.5%	64.6%	65.8%	69.8%	53.6%
<b>2008 03</b>	64.8%	69.4%	66.5%	64.2%	69.6%	54.4%
<b>2008 04</b>	65.5%	72.0%	64.3%	63.6%	71.9%	55.5%
<b>2008 05</b>	65.7%	68.5%	64.8%	65.1%	70.9%	59.2%
<b>2008 06</b>	64.9%	70.0%	66.5%	64.1%	69.9%	54.1%

**LOAN TYPES**  
**TABLE 4: ALL AUSTRALIA**

<b>MONTH</b>	<b>BASIC VARIABLE</b>	<b>EQUITY</b>	<b>FIXED</b>	<b>INTRO</b>	<b>STANDARD VARIABLE</b>
Mar 07	18.1%	14.4%	23.3%	6.0%	37.9%
Apr 07	19.8%	15.1%	24.2%	5.7%	34.9%
May 07	20.1%	18.8%	20.3%	5.7%	37.7%
June 07	19.7%	15.4%	20.4%	5.4%	38.7%
July 07	20.1%	16.1%	16.5%	5.9%	41.0%
Aug 07	19.5%	14.8%	18.3%	5.9%	41.2%
Sep 07	19.3%	14.9%	20.4%	5.9%	38.8%
Oct 07	19.1%	14.7%	23.2%	5.1%	37.6%
Nov 07	18.6%	13.7%	27.3%	5.3%	34.9%
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%



## 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.

