

## NATIONAL

### **FIRMER AFG MORTGAGE SALES DESPITE POOR CONSUMER SENTIMENT: JULY FIGURES**

7 August 2008

AFG mortgage sales figures were 17% higher in July than June suggesting an increase in market share, according to Australia's largest mortgage broker. AFG Mortgage Index shows that the company arranged \$2.4 billion of mortgages in July compared with \$2.0 billion in June. In previous months, AFG has had an estimated 10% of the national mortgage market (Source ABS and AFG data).

On an annual comparative basis, July sales were 14.1% lower than in July 2007, but this yardstick suggests a bottoming out, after comparative declines for June 2008 of 22% and May 2008 of 28% when measured against the same months in 2007.

Malcolm Watkins, Executive Director of AFG says: "Consumer confidence is at an all time low, although in recent days there has been some encouraging signs with lower crude oil prices and the prospect of an RBA cash rate cut in the not too distant future. However consumers will only benefit if these savings are passed on. The official RBA rate may no longer be the benchmark for home loan pricing, rather competitive tension will determine delivery rates to borrowers. Only robust competition between lenders will ensure that borrowers benefit, the big 5 banks now account for a far greater share of the market, compared with a year ago. We'd like to see the Government act quickly to stimulate genuine competition in the sector."

AFG Mortgage Index also shows that refinancing hit a record high, with 40.8% of all new mortgages being for refinancing purposes. Much of this refinancing marks a move away from non-bank lenders to the Big Four banks, underlining AFG's call to the Government to stimulate competition in the sector.

AFG Mortgage Index shows the proportion of Fixed Rate mortgages also fell to the lowest on record - 7.9% - compared with a high of 25.3% just 5 months ago, as expectations about the next rate movements change.

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

#### **ENDS**

#### **PLEASE SEE TABLES OVERLEAF**

**CONTACT DETAILS:** for further information please contact:

- Malcolm Watkins, Director:  
Australian Finance Group Ltd
- David Michie:  
Mosaic Reputation Management

Tel 03 9820 4800  
Mob 0417 945 651

Mob 0411 453 404



AFG MORTGAGE INDEX – July 2008

AFG - First with the Figures

AFG MORTGAGES SOLD  
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	% REFINANCE
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%
July 08	6,935	\$2,370 m	\$341k	29.9%	40.78%

AVERAGE MORTGAGE SIZE IN DOLLARS  
TABLE 2: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA
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
2008 07	341,883	417,551	310,818	273,698	313,487	372,227



**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 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%
<b>2008 07</b>	66.4%	69.2%	65.1%	67.5%	69.9%	60.1%

**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>
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%
July 08	19.0%	14.6%	7.9%	13.7%	44.8%



## 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.

