

NATIONAL

BOOM MONTH FOR MORTGAGES AS FIRST HOME BUYERS RUSH TO MEET DEADLINE

10 March 2009

February was a boom month for mortgage sales as first home buyers rushed to take advantage of grants which come to an end in June, according to AFG, Australia's largest mortgage broker. AFG Mortgage Index shows that total mortgage sales leapt a massive 40% between January and February this year, compared to the usual 20% increase between those two months. The company, which has 10% of the total mortgage market (Source: ABS and AFG statistics) sold \$2.6 billion of mortgages in February – the highest volume since November 2007 when it sold \$2.7 billion.

First home buyers were strongest in New South Wales and Victoria, where they comprised 34.5% and 26.8% of all mortgages sold. These high figures reflect the relative weakness of the upper end of property markets, as well as the surge of sales at entry level. Nationally, first home buyers comprised 26.1% of all mortgages sold, with strong figures recorded also recorded in Western Australia (25.2%) and to a lesser extent South Australia (15.6%).

High LVR figures – a loan expressed as a proportion of the value of a property – were recorded in both New South Wales (76.6%) and Victoria (75.0%), confirming the impact of first home buyers, who usually have smaller deposits than people trading up to their second or third homes.

Mark Hewitt, General Manager Sales and Operations says: 'The dramatic increase we've seen in first home buyers over the past four months is a double edged sword. It's positive in that it underpins the future recovery of mid-level property markets by getting significant numbers of people onto the property ladder. But we're concerned that if the Government doesn't announce an extension to the grants fairly soon, we'll continue to pull demand forward, and will be left staring over a cliff come the end of June.'

AFG Mortgage Index also shows that fixed rate loans fell to an all time low of 2.5% of all new mortgages in February, having peaked at 27% in November 2007. This suggests that almost all those buying or refinancing properties in February believed that rates have further to fall.

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

ENDS

PLEASE SEE TABLES OVERLEAF

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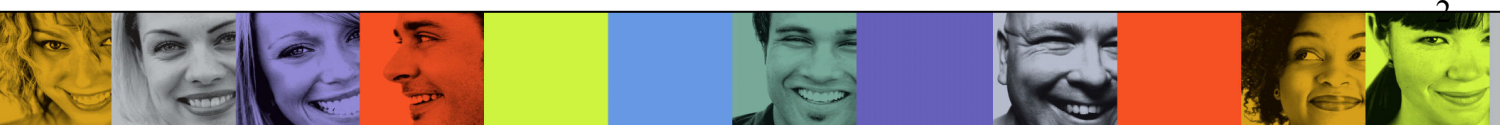
AFG - First with the Figures

AFG MORTGAGES SOLD
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
Jan 08	6,471	\$2,056 m	\$317k	30.8%	12.1%	37.04%
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%

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 2: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA
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
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



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

	AUSTRALIA	NSW	QLD	SA	VIC	WA
2007 09	66.3%	67.6%	69.7%	68.1%	70.3%	56.0%
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%

LOAN TYPES
TABLE 4: ALL AUSTRALIA

MONTH	BASIC VARIABLE	EQUITY	FIXED	INTRO	STANDARD VARIABLE
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%
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%



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.

