

NATIONAL

LOWEST MONTHLY SALES SINCE 2004 AS FLOODS HIT NATIONAL MORTGAGE MARKET: JANUARY FIGURES

2 February 2011

The number of mortgages processed in January was the lowest recorded by AFG, Australia's largest mortgage broker, since the inception of its Mortgage Index in 2004. AFG's Mortgage Index shows that mortgages processed in January (a volume of \$1.3 billion) were 40% below the average monthly figure recorded during 2010. AFG has 10% of the total mortgage market nationally and its figures are usually strongly indicative of ABS statistics published six weeks later.

Queensland was the worst affected state, with only around half (48.9%) the number of mortgages that were processed in December. But other states were very badly affected, with month on month sales down by 39.6% in Victoria, 33.6% in South Australia, 31.8% in New South Wales and 28.6% in Western Australia.

Kevin Matthews, Executive Director of AFG says: 'The flooding in Queensland is a human tragedy of major proportions. As we may have expected, the floods have dealt a significant blow to the local property market. But the disaster has affected sentiment across the whole country. In times of national crisis, people hunker down and put off major buying decisions.

Additionally, consumer confidence is being adversely affected by the huge discrepancies between so-called experts on where property markets are heading. Some tell us real estate is over-valued by up to 40%. Others are telling us we've hit the bottom and should expect prices to pick up. All of this is undermining the confidence of potential buyers.'

Loan to Value Ratios – loans stated as a proportion of property values – fell significantly in January to a low of 54.9%, having remained in the 60% - 65% band for most of the past year, suggesting that those buyers who did arrange mortgages in January, were borrowing cautiously, having significant deposits or equity in their existing properties.

January's Mortgage Index showed a surprise spike in First Home Buyers, up to 14.1% from 11.4% in December. First Home Buying activity was particularly pronounced in WA (17.5% of mortgages processed) and NSW (14.8%). The mix of investors, upgraders and those seeking refinance remained approximately in line with recent trends.

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

ENDS

CONTACT DETAILS:

Kevin Matthews, Executive Director
Australian Finance Group Ltd
David Michie:
Mosaic Reputation Management

Tel: 08 9420 7888

Mob: 0411 453 404



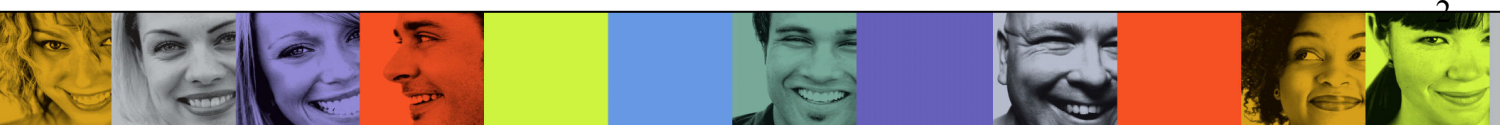
AFG - First with the Figures

AFG MORTGAGES SOLD
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
Jan 10	4,426	\$1,547 m	\$349k	33.7%	12.9%	36.2%
Feb 10	6,294	\$2,275 m	\$361k	34.1%	11.3%	35.8%
Mar 10	7,376	\$2,760 m	\$374k	35.1%	10.4%	37.1%
Apr 10	6,150	\$2,329 m	\$378k	36.9%	10.2%	36.6%
May 10	6,624	\$2,561 m	\$386k	36.7%	9.9%	38.0%
June 10	6,159	\$2,323 m	\$377k	35.4%	9.5%	39.0%
July 10	5,698	\$2,111 m	\$370k	33.6%	11.1%	39.4%
Aug 10	6,269	\$2,343 m	\$373k	34.3%	11.7%	38.3%
Sep 10	6,157	\$2,335 m	\$379k	34.5%	12.6%	36.8%
Oct 10	5,891	\$2,234 m	\$380k	35.4%	11.8%	37.8%
Nov 10	6,619	\$2,511 m	\$379k	35.1%	12.2%	38.5%
Dec 10	5,472	\$2,076 m	\$379k	35.5%	11.4%	41.5%
Jan 11	3,583	\$1,310 m	\$365k	34.7%	14.1%	36.1%

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 2: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2009 11	367,399	432,960	325,365	322,030	352,216	391,318	385,836
2009 12	367,123	414,202	340,658	314,113	349,793	390,178	357,050
2010 01	349,604	397,888	320,579	286,101	328,323	388,463	402,322
2010 02	361,589	420,554	339,467	303,404	323,317	390,842	360,457
2010 03	374,297	455,955	345,800	288,115	334,014	397,473	357,295
2010 04	378,814	432,435	348,285	304,489	355,865	412,126	346,745
2010 05	386,632	452,240	368,809	303,342	349,963	411,972	369,483
2010 06	377,233	455,649	346,234	303,212	353,886	386,513	337,167
2010 07	370,505	428,943	335,850	288,165	356,642	393,134	358,630
2010 08	373,750	433,378	341,353	305,536	360,431	391,397	332,643
2010 09	379,374	454,325	318,556	300,754	354,673	398,064	318,556
2010 10	380,027	442,743	354,651	315,306	359,271	393,479	307,661
2010 11	379,385	434,898	354,220	305,978	359,343	395,325	338,145
2010 12	379,444	432,540	344,485	324,070	370,978	396,047	339,641
2011 01	365,799	416,527	319,554	301,933	349,155	397,102	329,902



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

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
2009 10	65.0%	68.9%	64.2%	63.6%	69.8%	61.2%	62.1%
2009 11	64.4%	68.6%	62.9%	61.0%	67.7%	60.9%	65.3%
2009 12	64.1%	67.0%	62.5%	63.7%	66.9%	62.8%	61.9%
2010 01	64.0%	65.6%	62.1%	63.2%	67.6%	61.4%	69.7%
2010 02	62.9%	66.7%	63.6%	64.7%	65.5%	60.3%	56.5%
2010 03	62.5%	65.9%	62.5%	63.5%	66.2%	58.7%	58.0%
2010 04	63.3%	66.1%	62.8%	62.7%	66.6%	60.1%	61.7%
2010 05	63.2%	66.4%	62.2%	62.2%	64.8%	60.4%	63.0%
2010 06	61.6%	65.5%	61.4%	60.3%	63.2%	59.3%	60.0%
2010 07	62.4%	64.9%	62.4%	63.6%	65.1%	62.2%	56.4%
2010 08	63.0%	67.0%	62.4%	62.3%	64.1%	61.4%	60.6%
2010 09	63.0%	64.9%	63.3%	63.5%	64.9%	61.6%	59.7%
2010 10	64.5%	67.5%	65.5%	64.9%	66.3%	63.7%	59.0%
2010 11	64.2%	65.1%	64.2%	62.1%	65.5%	64.1%	64.2%
2010 12	65.9%	66.2%	65.1%	65.5%	66.1%	63.6%	68.7%
2011 01	65.4%	66.5%	62.8%	62.2%	67.7%	66.8%	66.2%

LOAN TYPE
TABLE 4: ALL AUSTRALIA

MONTH	BASIC VARIABLE	EQUITY	FIXED	INTRO	STANDARD VARIABLE
Dec 09	19.2%	11.7%	2.0%	9.4%	57.7%
Jan 10	20.5%	11.3%	2.6%	8.8%	56.8%
Feb 10	19.4%	10.9%	2.2%	10.6%	56.8%
Mar 10	19.3%	10.8%	2.5%	8.5%	58.9%
Apr 10	19.5%	10.3%	3.2%	8.4%	58.6%
May 10	17.1%	11.7%	2.9%	8.7%	59.6%
June 10	17.5%	11.1%	3.9%	7.1%	60.4%
July 10	16.9%	10.6%	3.4%	7.5%	61.6%
Aug 10	16.8%	10.2%	3.9%	8.2%	60.8%
Sep 10	16.7%	9.0%	5.4%	7.5%	61.4%
Oct 10	16.2%	10.4%	6.3%	6.9%	60.0%
Nov 10	15.0%	9.5%	9.0%	7.4%	59.1%
Dec 10	13.7%	9.0%	12.6%	8.9%	55.7%
Jan 11	14.6%	7.7%	9.0%	11.9%	56.7%

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.



LENDER TYPE (SOURCE: ABS) TABLE 5: ALL AUSTRALIA

MONTH	BANK	NON BANK	TOTAL
2 nd quarter 2007	79.7%	20.3%	100%
3 rd quarter 2007	79.6%	20.4%	100%
4 th quarter 2007	85.4%	14.6%	100%
1 st quarter 2008	87.5%	12.5%	100%
2 nd quarter 2008	84.5%	15.5%	100%
3 rd quarter 2008	90.8%	9.2%	100%
4 th quarter 2008	91.8%	8.9%	100%
1 st quarter 2009	92.5%	7.5%	100%
2 nd quarter 2009	89.1%	10.8%	100%
3 rd quarter 2009	88.3%	11.7%	100%
4 th quarter 2009	88.1%	11.9%	100%
1 st quarter 2010	88.1%	11.9%	100%
2 nd quarter 2010	87.5%	12.5%	100%
3 rd quarter 2010	87.0%	13.0%	100%

Note to Editors

AFG is Australia's largest mortgage broker. 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 \$60 billion.

