

## NATIONAL

### MORTGAGE MARKETS STAGNATE ON CONSUMER FEARS

#### Only 11.7% of mortgages for owner occupiers: July data

4 August 2011

Australia's mortgage sales declined by 3.7% in July, as consumers remain fearful about the threat of further rate hikes, taxes and global economic worries, according to AFG, Australia's largest mortgage broker. The AFG Mortgage Index shows that month on month mortgage sales fell most in Victoria, by 7.4%, with declines also recorded in New South Wales (5.9%), Western Australia (5.0%) and Queensland (0.5%). Only South Australia recorded an increase, but off a much lower base, of 13.7%.

The most active part of the mortgage market remains refinancing, with two out of every five new mortgages (39.1%) arranged to refinance an existing home loan. By contrast, the proportion of owner occupiers arranging mortgages to move or upgrade their homes was just 11.7% of all mortgage sales.

Mark Hewitt, General Manager of Sales and Operations says: 'These figures confirm a much more worrying trend: that most Australians are still fearful about their financial future. Ever since the interest rate rise last November, home buyers have gone into their shells. Western Australia, supposedly the prime beneficiary of a resources boom has the most depressed property market of all. Domestic financial news is dominated by talk of rate rises and the carbon tax. Gloomy international financial news has seen stock markets slump. We're all looking for strong economic leadership to provide the market with some much needed confidence.'

In Western Australia, total mortgage sales for the first 6 months of 2011 were 3% lower than for the last 6 of 2010, investor interest lags behind the national average (30.7% compared to 35.6%), and the average loan size for July fell to \$371k – exactly the same as the average loan processed 4 years ago in July 2007.

Major banks continue to dominate the lender market, with 81.7% of all new home loans arranged by the four major banks, including the subsidiary brands they own.

Fixed rate mortgages comprised 7.9% of all loans arranged in July, compared to 75.0% of loans which were basic or standard variable. Introductory loans fell to 8.5%, the lowest such figure all year, in keeping with the overall decline in first home buyer numbers.

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

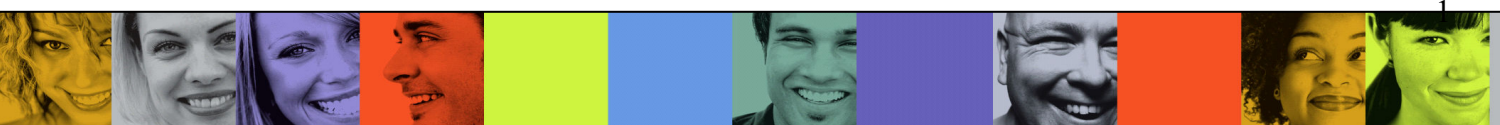
#### ENDS

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## AFG - First with the Figures

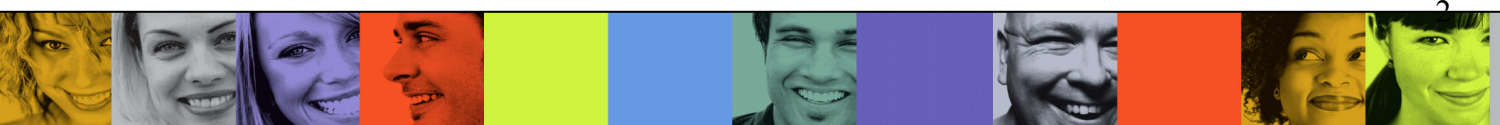
AFG MORTGAGES SOLD  
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
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%
Feb 11	5,365	\$2,053 m	\$382k	33.9%	14.6%	37.0%
Mar 11	6,436	\$2,513 m	\$390k	34.7%	13.9%	36.9%
Apr 11	5,489	\$2,119 m	\$386k	34.9%	13.9%	36.7%
May 11	6,483	\$2,517 m	\$388k	36.5%	13.2%	36.8%
June 11	6,205	\$2,382 m	\$384k	36.2%	12.9%	39.2%
July 11	5,937	\$2,293 m	\$386k	35.6%	13.6%	39.1%

MAJOR VS NON MAJOR LENDER MARKET SHARE  
TABLE 2: BY BUYER TYPE

MONTH	TOTAL MORTGAGES		REFINANCE		FIRST HOME BUYERS		INVESTORS	
	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR
2010 07	83.5%	16.6%	82.7%	17.3%	80.1%	19.9%	84.1%	15.9%
2010 08	82.4%	17.6%	80.3%	19.7%	79.4%	20.6%	84.3%	15.7%
2010 09	81.6%	18.4%	79.3%	20.7%	75.8%	24.2%	83.8%	16.2%
2010 10	80.6%	19.4%	77.1%	22.9%	74.6%	25.4%	83.7%	16.3%
2010 11	80.6%	19.4%	77.3%	22.7%	77.6%	22.5%	82.9%	17.1%
2010 12	81.1%	18.9%	78.7%	21.3%	79.0%	20.9%	82.4%	17.6%
2011 01	80.7%	19.3%	77.5%	22.5%	77.1%	22.9%	82.2%	17.8%
2011 02	79.4%	20.6%	74.5%	25.6%	75.0%	24.9%	81.6%	18.4%
2011 03	81.7%	18.3%	79.0%	20.9%	79.7%	20.3%	82.2%	17.8%
2011 04	82.4%	17.6%	80.5%	19.5%	77.3%	22.8%	83.3%	16.7%
2011 05	80.4%	19.6%	78.7%	21.3%	77.1%	22.9%	83.0%	17.0%
2011 06	82.1%	17.9%	78.7%	21.3%	76.2%	23.8%	82.9%	17.0%
2011 07	81.7%	18.3%	79.8%	20.2%	77.6%	22.5%	83.0%	17.0%

**Majors** = Four major banks including the brands they own  
**Non-Majors** = All other lenders



**AVERAGE MORTGAGE SIZE IN DOLLARS**  
**TABLE 3: STATE BY STATE**

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2011 02	382,725	451,630	354,012	321,672	346,465	394,922	360,971
2011 03	390,479	467,034	357,177	309,931	360,051	396,572	376,348
2011 04	386,218	453,492	357,453	315,692	363,724	404,714	326,205
2011 05	388,384	453,286	354,886	302,057	379,993	399,372	383,786
2011 06	384,042	455,559	347,506	294,092	362,063	412,557	347,725
2011 07	386,382	456,388	360,034	318,695	388,360	371,500	355,855

**LOAN VALUE RATIOS**  
(Loan stated as % of property value)  
**TABLE 4: STATE BY STATE**

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2011 02	68.8%	69.2%	66.5%	66.5%	66.5%	65.9%	78.2%
2011 03	65.8%	66.8%	65.2%	67.2%	67.5%	65.0%	63.1%
2011 04	63.9%	65.4%	65.4%	64.9%	65.8%	65.1%	56.8%
2011 05	65.5%	66.2%	66.0%	64.8%	66.0%	63.8%	66.1%
2011 06	64.2%	64.4%	66.0%	63.4%	65.3%	65.2%	61.0%
2011 07	66.3%	68.7%	66.3%	65.0%	65.5%	66.5%	66.0%



LOAN TYPE  
TABLE 5: ALL AUSTRALIA

MONTH	BASIC VARIABLE	EQUITY	FIXED	INTRO	STANDARD VARIABLE
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%
Feb 11	14.2%	9.7%	6.6%	13.2%	56.2%
Mar 11	11.8%	9.3%	6.6%	15.6%	56.6%
Apr 11	10.6%	9.7%	6.4%	14.3%	58.9%
May 11	11.7%	8.9%	8.4%	12.5%	58.5%
June 11	10.6%	9.3%	8.2%	11.5%	60.4%
July 11	13.2%	8.6%	7.9%	8.5%	61.8%

**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 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 \$65 billion.

