

## NATIONAL

### **MORTGAGE SALES SURGE ON RATE EXPECTATIONS: AUGUST DATA**

5 September 2011

August mortgage sales surged to their highest volume in over eighteen months according to AFG, Australia's largest mortgage broker. AFG processed over \$2.7 billion of mortgages in August – the highest volume figure since March 2010. Refinancing accounted for 38.2% of all mortgages as property owners took advantage of a highly competitive lending environment.

While August figures are typically stronger than previous months, these figures trend well above seasonal expectations. There was a sharp increase in fixed rate home loans as lenders heavily discounted their rates. Fixed home loans comprised 9.4% of all loans processed compared to 7.9% in July - the highest level since December 2010.

Mark Hewitt, General Manager of Sales and Operations says: 'Borrower expectations about interest rates shifted significantly during August. We're seeing a lot of refinancing as borrowers take advantage of discounted products. But we'd like to see lenders create more flexible and competitive products for the new home building sector. It isn't just consumer confidence that is holding back this sector, it is also the availability of attractive finance options.'

Along with refinancing, investment is the strongest sector of the market. New South Wales led the nation with 40.8% of all new home loans for investment purposes. This compares with 38.1% in Victoria, 34.4% in Queensland, 33.5% in South Australia and 33.4% in WA.

First time buyers comprise 13.8% of the market nationally. They are strongest in New South Wales (15.7%) and WA (14.8%) with less activity in Victoria (13.3%) Queensland (13.1%) and South Australia (9.3%).

For the past two months, loan to value ratios (LVRs), the value of loans expressed as a percentage of property values, have moved up from 64.2% to 67.7% nationally, as the proportion of first home buyers entering the market has risen.

AFG has 10% of the national mortgage market (Source: ABS data and AFG figures). The company's data is usually indicative of the data published by the ABS six weeks later. 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
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%
Aug 11	7,198	\$2,764 m	\$384k	36.5%	13.8%	38.2%

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 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%
2011 08	82.0%	18.0%	80.3%	19.7%	77.8%	22.2%	83.4%	16.6%

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



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

<b>MONTH</b>	<b>AUSTRALIA</b>	<b>NSW</b>	<b>QLD</b>	<b>SA</b>	<b>VIC</b>	<b>WA</b>	<b>NT</b>
<b>2010 05</b>	386,632	452,240	368,809	303,342	349,963	411,972	369,483
<b>2010 06</b>	377,233	455,649	346,234	303,212	353,886	386,513	337,167
<b>2010 07</b>	370,505	428,943	335,850	288,165	356,642	393,134	358,630
<b>2010 08</b>	373,750	433,378	341,353	305,536	360,431	391,397	332,643
<b>2010 09</b>	379,374	454,325	318,556	300,754	354,673	398,064	318,556
<b>2010 10</b>	380,027	442,743	354,651	315,306	359,271	393,479	307,661
<b>2010 11</b>	379,385	434,898	354,220	305,978	359,343	395,325	338,145
<b>2010 12</b>	379,444	432,540	344,485	324,070	370,978	396,047	339,641
<b>2011 01</b>	365,799	416,527	319,554	301,933	349,155	397,102	329,902
<b>2011 02</b>	382,725	451,630	354,012	321,672	346,465	394,922	360,971
<b>2011 03</b>	390,479	467,034	357,177	309,931	360,051	396,572	376,348
<b>2011 04</b>	386,218	453,492	357,453	315,692	363,724	404,714	326,205
<b>2011 05</b>	388,384	453,286	354,886	302,057	379,993	399,372	383,786
<b>2011 06</b>	384,042	455,559	347,506	294,092	362,063	412,557	347,725
<b>2011 07</b>	386,382	456,388	360,034	318,695	388,360	371,500	355,855
<b>2011 08</b>	384,124	452,230	348,880	323,487	382,884	382,598	321,164

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

	<b>AUSTRALIA</b>	<b>NSW</b>	<b>QLD</b>	<b>SA</b>	<b>VIC</b>	<b>WA</b>	<b>NT</b>
<b>2010 06</b>	61.6%	65.5%	61.4%	60.3%	63.2%	59.3%	60.0%
<b>2010 07</b>	62.4%	64.9%	62.4%	63.6%	65.1%	62.2%	56.4%
<b>2010 08</b>	63.0%	67.0%	62.4%	62.3%	64.1%	61.4%	60.6%
<b>2010 09</b>	63.0%	64.9%	63.3%	63.5%	64.9%	61.6%	59.7%
<b>2010 10</b>	64.5%	67.5%	65.5%	64.9%	66.3%	63.7%	59.0%
<b>2010 11</b>	64.2%	65.1%	64.2%	62.1%	65.5%	64.1%	64.2%
<b>2010 12</b>	65.9%	66.2%	65.1%	65.5%	66.1%	63.6%	68.7%
<b>2011 01</b>	65.4%	66.5%	62.8%	62.2%	67.7%	66.8%	66.2%
<b>2011 02</b>	68.8%	69.2%	66.5%	66.5%	66.5%	65.9%	78.2%
<b>2011 03</b>	65.8%	66.8%	65.2%	67.2%	67.5%	65.0%	63.1%
<b>2011 04</b>	63.9%	65.4%	65.4%	64.9%	65.8%	65.1%	56.8%
<b>2011 05</b>	65.5%	66.2%	66.0%	64.8%	66.0%	63.8%	66.1%
<b>2011 06</b>	64.2%	64.4%	66.0%	63.4%	65.3%	65.2%	61.0%
<b>2011 07</b>	66.3%	68.7%	66.3%	65.0%	65.5%	66.5%	66.0%
<b>2011 08</b>	67.7%	70.1%	67.1%	67.8%	69.9%	65.0%	67.1%



LOAN TYPE  
TABLE 5: ALL AUSTRALIA

MONTH	BASIC VARIABLE	EQUITY	FIXED	INTRO	STANDARD VARIABLE
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%
Aug 11	11.7%	9.6%	9.4%	6.0%	63.2%

**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.

