

NATIONAL

MASSIVE LEAP IN FIXED RATE LOANS AS FIRST HOME BUYERS RETURN TO THE MARKET IN NSW AND WA

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Fixed rate home loans rose sharply in popularity in September, as first home buyers returned strongly to the market, especially in New South Wales and Western Australia. The AFG Mortgage Index, published today by AFG, Australia's largest mortgage broker, shows that 16.6% of all new home loans processed in September were fixed rate loans, compared to 9.4% the month before, and even lower figures for most of 2011. The last time fixed rate loans were so popular was in April 2008 when they comprised 18.4% of the product mix.

AFG Mortgage Index also shows a strong return of first home buyers in New South Wales, Western Australia and to an extent Queensland during September. While the national figure of 15.7% of first home buyers is in line with the long term average, in NSW first home buyers accounted for 18.9% of the market, in WA 17.4% and in QLD 15.8%. First home buying activity was more subdued in VIC (13.3%) and SA (10.0%).

Mark Hewitt, General Manager of Sales and Operations says: 'In September we have seen very aggressive competition, with lenders cutting their fixed rate offers. The combination of more realistic property prices, attractive financing options, and lack of confidence in the share market seems to be coaxing first home buyers and investors back into some markets.'

Non major lenders made further inroads into the market share of the four major banks, especially among first home buyers, 29.3% of whom opted for a non major lender, up from 22.2% in August. Non major products were also more popular with those seeking to refinance and even investors, who are traditionally the least likely to switch from the Big Four. The overall market share of the four major banks and the brands they own is now 80.1%.

Overall sales volume for September was up 12.8% compared to September 2010, with refinancing comprising 38% of loans processed.

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: Corporate - News.

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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 |
|---------|--------------|--------------|--------------|--------------------|-------------------|-------------|
| 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% |
| Sep 11 | 6,687 | \$2,633 m | \$393k | 37.7% | 15.7% | 37.9% |

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 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% |
| 2011 09 | 80.1% | 19.9% | 78.6% | 21.4% | 70.7% | 29.3% | 82.8% | 17.2% |

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 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 |
| 2011 08 | 384,124 | 452,230 | 348,880 | 323,487 | 382,884 | 382,598 | 321,164 |
| 2011 09 | 393,822 | 461,132 | 358,846 | 325,771 | 383,114 | 397,917 | 338,159 |

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

| | AUSTRALIA | NSW | QLD | SA | VIC | WA | NT |
|---------|-----------|-------|-------|-------|-------|-------|-------|
| 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% |
| 2011 08 | 67.7% | 70.1% | 67.1% | 67.8% | 69.9% | 65.0% | 67.1% |
| 2011 09 | 66.0% | 69.0% | 68.9% | 64.1% | 65.2% | 66.4% | 62.3% |



LOAN TYPE
TABLE 5: ALL AUSTRALIA

| MONTH | BASIC VARIABLE | EQUITY | FIXED | INTRO | STANDARD VARIABLE |
|---------|----------------|--------|-------|-------|-------------------|
| 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% |
| Sep 11 | 9.96% | 7.7% | 16.6% | 4.7% | 60.9% |

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.

