

NATIONAL

STRONGEST JULY IN 5 YEARS AS FIRST HOME BUYERS RETURN

1 August 2012

AFG, Australia's largest mortgage broker, processed more home loans last month than for any July since 2007 according to new figures published today. The latest AFG Mortgage Index shows that the company processed \$2,732 million of mortgages in July. This is an increase of nearly 20% on July 2011 and matches the previous peak of \$2,760 million in July 2007.

The strong figures were driven by First Home Buyers, whose market share leapt from 15.6% of all mortgages arranged in June to 17.3% in July. This is the highest figure for First Home Buyers since August 2010. First Home Buyers were strongest in WA, where they represented almost a quarter of all new mortgages arranged (22.7%), and were also well represented in Victoria (21.7%). They were less in evidence in NSW (14.4%), QLD (13.8%) and SA (9.6%).

Consistent with the increase of First Home Buyers, the proportion of Introductory loans spiked from 2.9% in June to 5.4% in July. In addition, overall LVRs – loans as a proportion of home values – increased slightly from 66.9% to 67.7% as would be expected given that First Home Buyers typically borrow most of the value of their new property.

Mark Hewitt, General Manager of Sales and Operations says: 'Low interest rates, soft property prices and escalating rents create a powerful cocktail of incentives to get people into the property market. This is especially true in WA, where these factors are probably at their strongest.'

The AFG Mortgage Index also shows Non Majors lenders gained ground among those borrowers refinancing existing loans - from 22.9% of market share in June to 26.7% in July.

Fixed rate loans held steady on 16% of all loans processed, as most new borrowers opted to stick with variable rates.

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

ENDS

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AFG MORTGAGES SOLD
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
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%
Oct 11	6,349	\$2,509 m	\$395k	35.6%	16.4%	37.9%
Nov 11	7,492	\$2,970 m	\$396k	38.4%	15.8%	37.8%
Dec 11	5,576	\$2,188 m	\$392k	37.8%	15.7%	36.2%
Jan 12	4,736	\$1,824 m	\$385k	35.9%	15.8%	37.3%
Feb 12	7,000	\$2,806 m	\$400k	36.5%	14.9%	36.6%
Mar 12	7,254	\$2,930 m	\$404k	35.5%	15.6%	37.6%
Apr 12	5,937	\$2,275 m	\$383k	35.2%	15.8%	36.2%
May 12	7,635	\$3,005 m	\$393k	37.1%	15.8%	35.8%
June 12	6,690	\$2,635 m	\$393k	37.0%	15.6%	39.1%
July 12	7,027	\$2,732m	\$388k	35.2%	17.3%	36.9%

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
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%
2011 10	78.9%	21.1%	78.8%	21.2%	70.8%	29.2%	82.7%	17.3%
2011 11	80.4%	19.6%	78.9%	21.0%	71.3%	28.7%	82.6%	17.4%
2011 12	75.7%	24.3%	71.2%	28.8%	71.7%	28.3%	78.0%	21.9%
2012 01	79.0%	21.0%	78.9%	21.1%	72.6%	27.4%	83.1%	16.9%
2012 02	76.1%	23.9%	78.7%	21.3%	70.9%	29.1%	82.9%	17.7%
2012 03	77.1%	22.9%	78.2%	21.8%	70.1%	29.9%	82.7%	17.3%
2012 04	78.4%	21.6%	76.0%	24.0%	71.4%	28.6%	82.8%	17.2%
2012 05	77.4%	22.6%	77.6%	22.4%	67.0%	33.0%	82.6%	17.4%
2012 06	77.2%	22.8%	77.1%	22.9%	73.5%	26.5%	82.4%	17.6%
2012 07	77.6%	22.4%	73.3%	26.7%	75.1%	24.9%	82.0%	18.0%



AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 3: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2011 10	395,226	447,144	358,142	329,566	396,238	406,019	369,765
2011 11	396,520	449,942	352,252	318,437	400,929	418,360	376,376
2011 12	392,559	450,620	361,439	325,937	376,570	409,917	395,489
2012 01	385,337	437,476	351,966	312,596	389,634	406,222	374,604
2012 02	400,864	471,690	339,361	317,469	409,651	421,297	382,027
2012 03	404,003	476,278	352,485	333,712	397,739	418,589	346,622
2012 04	383,252	438,067	340,197	314,486	384,380	403,784	359,067
2012 05	393,608	471,848	346,883	313,056	379,130	412,752	345,645
2012 06	393,913	470,804	348,646	303,657	381,493	409,099	390,389
2012 07	388,919	441,236	343,672	314,866	399,317	396,215	415,627

LOAN VALUE RATIOS (loan stated as % of property value)

TABLE 4: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2011 10	66.7%	70.0%	67.9%	67.8%	65.9%	67.8%	60.5%
2011 11	66.5%	69.7%	66.9%	64.5%	66.6%	67.1%	64.3%
2011 12	67.5%	69.6%	68.4%	67.7%	64.7%	68.7%	66.1%
2012 01	68.9%	67.9%	66.3%	67.6%	70.8%	69.9%	70.9%
2012 02	67.7%	66.7%	68.1%	66.4%	68.0%	70.2%	66.7%
2012 03	67.6%	67.5%	67.4%	66.2%	69.1%	69.8%	65.6%
2012 04	67.8%	65.4%	66.2%	67.5%	68.1%	69.5%	69.8%
2012 05	67.5%	66.1%	65.8%	66.1%	68.6%	69.3%	68.9%
2012 06	66.9%	67.2%	65.3%	65.3%	68.3%	70.7%	64.6%
2012 07	67.7%	67.3%	68.5%	65.7%	69.7%	70.1%	64.6%



LOAN TYPE

TABLE 5: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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	9.9%	7.7%	16.6%	4.7%	60.9%
Oct 11	8.8%	8.1%	20.4%	3.9%	58.6%
Nov 11	8.9%	7.2%	17.2%	3.5%	63.1%
Dec 11	9.4%	7.3%	19.2%	3.9%	60.2%
Jan 12	10.7%	7.5%	18.6%	3.8%	59.4%
Feb 12	9.7%	6.6%	23.2%	3.5%	57.0%
Mar 12	8.8%	6.7%	25.4%	3.6%	55.4%
Apr 12	10.6%	7.4%	21.0%	3.4%	57.5%
May 12	10.3%	8.0%	19.7%	3.1%	58.9%
June 12	10.5%	7.6%	16.5%	2.9%	62.5%
July 12	10.9%	7.5%	16.8%	5.4%	59.3%

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.

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.

