

NATIONAL

AFG WELCOMES RATE CUT DECISION AFTER A FLAT SEPTEMBER: LATEST MORTGAGE FIGURES

3 October 2012

AFG, Australia's largest mortgage broker, welcomes yesterday's RBA rate cut after latest figures showed that mortgages processed in September were flat compared with the same month last year. AFG processed \$2.7 billion of loans last month compared with \$2.6 billion in September 2011.

Mark Hewitt, General Manager of Sales and Operations says: 'We welcome the RBA decision. Both the figures and our brokers are saying that while there are some areas of confidence, things are generally very patchy. The property market has been slow to emerge from winter and whilst no one is expecting any dramatic rebounds, the interest rate cut will help.'

The AFG Mortgage Index showed that fixed rate loans reached a four year high last month on the back of aggressive competition amongst lenders. 21.5% of all new borrowers chose to lock in rates with 3 year fixed loans being particularly popular. The last time that fixed rate loans were so popular was in March 2008 when 24% of borrowers chose to lock in rates.

There was also some movement on Loan to Value Ratios – the value of home loans expressed as a percentage of property prices. LVRs have risen from 66.9% in June to 69% in September, reflecting the increase of first home buyers in the market, who tend to borrow more, and possibly an increased preparedness by other borrower types to take on greater levels of debt.

Non major banks also gained market share, from 22.2% in August to 24% in September, their highest share since December last year. While strongest among first home buyers, where they comprise over 1 in 4 new home loans, non majors also grew market share among investors and borrowers seeking to refinance.

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

ENDS

CONTACT DETAILS

Mark Hewitt, AFG General Manager Sales & Operations

Mob 0414 801 251 | Tel(08) 9420 7888

David Michie, Mosaic Reputation Management

Tel (08) 9381 4494 | Mob 0411 453 404



AFG MORTGAGES SOLD
TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
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%
Sept 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	\$2,732 m	\$388k	35.2%	17.3%	36.9%
Aug 12	7,730	\$3,071 m	\$397k	36.4%	15.9%	35.4%
Sept 12	6,882	\$2,708 m	\$393k	35.5%	13.2%	35.2%

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
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%
2012 08	77.8%	22.2%	75.9%	24.1%	74.6%	25.4%	81.8%	18.2%
2012 09	76.0%	24.0%	75.2%	24.8%	74.3%	25.7%	81.3%	18.7%



AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 3: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2012 08	397,303	476,061	348,579	325,877	385,407	402,290	373,628
2012 09	393,625	454,687	347,953	304,005	380,811	419,076	412,581

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

TABLE 4: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2012 08	68.6%	69.1%	67.8%	69.7%	70.1%	68.2%	66.8%
2012 09	69.0%	68.0%	68.6%	69.2%	69.3%	70.7%	68.6%



LOAN TYPE

TABLE 5: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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%
Aug 12	9.2%	6.8%	19.9%	5.2%	58.8%
Sept 12	9.0%	6.6%	21.5%	5.7%	57.2%

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.

