AFG MORTGAGE INDEX
First with the figures

NSW

# AVERAGE HOME LOAN LEAPS TO $418,000 – BUT GEARING REMAINS CONSTANT

2 October 2013

New mortgages processed in September were for an average of $418,000 – a leap of $17,000 from two months ago, but borrowers are not proportionally taking on any more debt according to AFG, Australia's largest mortgage broker. AFG's latest Mortgage Index shows that the average LVR (Loan to Value Ratio – the value of a loan expressed as a proportion of the value of a property) has remained consistently around 68% since the start of the year. The growth in loan size but unchanged LVR reflects growing confidence in property among investors and other borrowers with higher equity levels.

Average loan sizes varied widely from state to state. NSW has the highest average home loan of $507k, having broken through the half a million dollar mark in August. WA is next on $421k, with VIC on $397k, NT on $374k, QLD on $357k, and SA on $324k.

Mark Hewitt, General Manager of Sales and Operations says: 'What these figures show is that whilst borrowers are becoming more confident they haven't forgotten the lessons of over-gearing learned during the GFC. With the election now behind us and a sense of greater policy certainty, borrowers are responding to the combination of historically low rates, good affordability and rising property values with a strong, but sustainable momentum. Talk of property bubbles, including those driven by SMSFs, is overstated at this point.'

Across the nation, different states reflect very different characteristics. Almost half of all home loans processed in NSW were for investors, with only 4% for first home buyers. By contrast, in WA 25% of new loans were for first home buyers and 28% for investors. SA is seeing a rise in investors from 27% in July to 35% last month, while in Queensland there has been a gradual creeping back of first home buyers (7% of new home loans) after the withdrawal of first home buyers grants reduced their share to just 4.5% last December.

AFG recorded another record-breaking month in September for mortgage volume, processing $3,624 million in home loans.

Full statistics for each state are available at www.afgonline.com.au – In the 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 |
|---|---|---|---|---|---|---|
| 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% |
| Oct 12 | 7,719 | $3,103 m | $402k | 35.8% | 15.4% | 34.8% |
| Nov 12 | 7,831 | $3,094 m | $395k | 33.9% | 12.9% | 34.9% |
| Dec 12 | 5,912 | $2,376 m | $402k | 38.0% | 12.5% | 36.3% |
| Jan 13 | 5,893 | $2,261 m | $383k | 36.0% | 13.2% | 34.1% |
| Feb 13 | 7,480 | $2,956 m | $395k | 34.7% | 12.9% | 34.4% |
| Mar 13 | 7,898 | $3,181 m | $402k | 37.1% | 12.9% | 35.7% |
| Apr 13 | 8,005 | $3,200 m | $399k | 35.9% | 12.4% | 35.6% |
| May 13 | 8,921 | $3,608 m | $404k | 36.5% | 13.6% | 34.0% |
| June 13 | 7,575 | $3,079 m | $406k | 37.9% | 12.8% | 36.6% |
| July 13 | 8,482 | $3,407 m | $401k | 35.9% | 11.6% | 35.2% |
| Aug 13 | 8,767 | $3,613 m | $412k | 38.7% | 11.3% | 33.5% |
| Sept 13 | 8,660 | $3,624 m | $418k | 38.1% | 11.3% | 31.5% |

## AFG MORTGAGES SOLD

TABLE 2: NSW

| MONTH | TOTAL NUMBER | TOTAL AMOUNT | AVERAGE SIZE | FIRST TIME BUYERS | PROPERTY INVESTORS |
|---|---|---|---|---|---|
| June 12 | 1,618 | 761 m | $470k | 10.9% | 43.2% |
| July 12 | 1,663 | 733 m | $441k | 14.4% | 40.7% |
| Aug 12 | 1,769 | 842 m | $476k | 13.1% | 44.7% |
| Sept 12 | 1,671 | 759 m | $454k | 13.2% | 40.8% |
| Oct 12 | 1,843 | 881 m | $478k | 5.7% | 43.1% |
| Nov 12 | 1,860 | 880 m | $473k | 5.4% | 41.1% |
| Dec 12 | 1,396 | 657 m | $471k | 4.2% | 46.3% |
| Jan 13 | 1,282 | 569 m | $443k | 4.1% | 47.3% |
| Feb 13 | 1,739 | 788 m | $453k | 4.5% | 43.4% |
| Mar 13 | 1,941 | 925 m | $477k | 4.0% | 47.4% |
| Apr 13 | 1,959 | 939 m | $479k | 3.5% | 46.0% |
| May 13 | 2,144 | 1,042 m | $486k | 4.3% | 47.5% |
| June 13 | 1,884 | 913 m | $494k | 4.1% | 48.1% |
| July 13 | 2,200 | 1,072 m | $487k | 4.3% | 45.9% |
| Aug 13 | 2,288 | 1,156 m | $505k | 4.3% | 49.5% |
| Sept 13 | 2,295 | 1,165 m | $507k | 3.8% | 47.5% |

## MAJOR VS NON MAJOR LENDER MARKET SHARE

TABLE 3: BY BUYER TYPE

| | TOTAL MORTGAGES | | REFINANCE | | FIRST HOME BUYERS | | INVESTORS | |
|---|---|---|---|---|---|---|---|---|
| MONTH | MAJOR | NON-MAJOR | MAJOR | NON-MAJOR | MAJOR | NON-MAJOR | MAJOR | NON-MAJOR |
| 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% |
| 2012 10 | 77.1% | 22.9% | 73.7% | 26.3% | 71.7% | 28.3% | 80.9% | 19.1% |
| 2012 11 | 78.4% | 21.6% | 74.0% | 26.0% | 74.9% | 25.1% | 80.8% | 19.2% |
| 2012 12 | 77.4% | 22.6% | 74.0% | 26.0% | 77.6% | 22.4% | 80.7% | 19.3% |
| 2013 01 | 76.5% | 23.5% | 73.6% | 26.4% | 75.2% | 24.8% | 80.5% | 19.5% |
| 2013 02 | 78.1% | 21.9% | 73.7% | 26.3% | 78.2% | 21.8% | 80.1% | 19.9% |
| 2013 03 | 79.3% | 20.7% | 74.2% | 25.8% | 77.8% | 22.2% | 80.5% | 19.5% |
| 2013 04 | 78.9% | 21.1% | 74.7% | 25.4% | 75.2% | 24.8% | 80.4% | 19.6% |
| 2013 05 | 77.2% | 22.8% | 72.9% | 27.1% | 74.3% | 25.7% | 79.7% | 20.3% |
| 2013 06 | 75.1% | 24.9% | 70.4% | 29.6% | 74.6% | 25.4% | 77.9% | 22.0% |
| 2013 07 | 73.6% | 26.4% | 68.2% | 31.8% | 71.9% | 28.1% | 75.2% | 24.8% |
| 2013 08 | 74.9% | 25.1% | 66.8% | 33.2% | 73.7% | 26.3% | 77.9% | 22.1% |
| 2013 09 | 73.7% | 26.2% | 67.1% | 32.9% | 73.2% | 26.8% | 76.1% | 23.9% |

## AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 4: STATE BY STATE

| MONTH | AUSTRALIA | NSW | QLD | SA | VIC | WA | NT |
|---|---|---|---|---|---|---|---|
| 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 |
| 2012 10 | 402,120 | 478,148 | 347,026 | 320,793 | 396,997 | 412,952 | 375,339 |
| 2012 11 | 395,149 | 473,172 | 348,444 | 315,773 | 379,949 | 403,944 | 365,993 |
| 2012 12 | 402,060 | 471,157 | 340,237 | 310,840 | 392,193 | 431,685 | 426,906 |
| 2013 01 | 383,810 | 443,931 | 342,836 | 325,629 | 376,871 | 394,396 | 355,608 |
| 2013 02 | 395,270 | 453,231 | 356,581 | 340,407 | 379,198 | 409,385 | 397,702 |
| 2013 03 | 402,848 | 477,063 | 349,322 | 333,937 | 385,252 | 414,583 | 352,875 |
| 2013 04 | 399,830 | 479,400 | 341,419 | 320,214 | 388,968 | 406,558 | 377,217 |
| 2013 05 | 404,452 | 486,232 | 348,914 | 308,103 | 382,428 | 420,735 | 399,894 |
| 2013 06 | 406,573 | 494,423 | 344,075 | 322,774 | 388,630 | 408,832 | 435,456 |
| 2013 07 | 401,749 | 487,312 | 341,665 | 321,050 | 387,300 | 397,351 | 435,998 |
| 2013 08 | 412,125 | 505,365 | 352,671 | 315,098 | 391,988 | 410,861 | 392,414 |
| 2013 09 | 418,550 | 507,859 | 357,343 | 324,148 | 397,162 | 421,761 | 374,346 |

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

TABLE 5: STATE BY STATE

| | AUSTRALIA | NSW | QLD | SA | VIC | WA | NT |
|---|---|---|---|---|---|---|---|
| **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% |
| **2012 10** | 70.5% | 69.3% | 70.5% | 70.1% | 72.4% | 73.6% | 67.1% |
| **2012 11** | 69.0% | 67.5% | 68.3% | 72.1% | 69.8% | 71.6% | 64.4% |
| **2012 12** | 68.5% | 66.7% | 68.1% | 66.9% | 69.2% | 70.8% | 69.1% |
| **2013 01** | 67.9% | 64.9% | 69.0% | 67.3% | 70.9% | 70.8% | 64.2% |
| **2013 02** | 68.9% | 67.3% | 68.3% | 68.8% | 69.8% | 71.2% | 68.1% |
| **2013 03** | 68.8% | 66.8% | 67.8% | 68.3% | 70.7% | 70.0% | 69.4% |
| **2013 04** | 68.6% | 67.3% | 68.0% | 68.9% | 72.0% | 70.0% | 65.6% |
| **2013 05** | 68.5% | 66.5% | 69.1% | 68.1% | 70.1% | 70.8% | 66.1% |
| **2013 06** | 68.6% | 66.3% | 67.2% | 69.9% | 70.1% | 71.4% | 66.5% |
| **2013 07** | 68.4% | 66.2% | 68.4% | 68.9% | 71.0% | 70.9% | 64.8% |
| **2013 08** | 68.2% | 66.6% | 70.3% | 67.8% | 71.0% | 71.8% | 61.4% |
| **2013 09** | 68.5% | 68.0% | 69.0% | 68.5% | 71.2% | 73.8% | 60.5% |

## LOAN TYPE

TABLE 6: ALL AUSTRALIA

| MONTH | BASIC | EQUITY | FIXED | INTRO | STANDARD |
|---|---|---|---|---|---|
| Aug 12 | 9.2% | 6.8% | 19.9% | 5.2% | 58.8% |
| Sept 12 | 9.0% | 6.6% | 21.5% | 5.7% | 57.2% |
| Oct 12 | 9.5% | 5.9% | 20.8% | 5.5% | 58.2% |
| Nov 12 | 8.7% | 5.7% | 21.6% | 4.8% | 59.2% |
| Dec 12 | 9.1% | 6.3% | 18.7% | 2.6% | 63.3% |
| Jan 13 | 9.0% | 5.6% | 16.3% | 2.9% | 66.0% |
| Feb 13 | 8.7% | 5.2% | 24.1% | 4.3% | 57.6% |
| Mar 13 | 6.1% | 5.6% | 29.6% | 5.0% | 53.7% |
| Apr 13 | 4.9% | 6.2% | 30.7% | 4.9% | 53.2% |
| May 13 | 5.3% | 5.4% | 28.5% | 5.0% | 55.8% |
| June 13 | 4.4% | 5.8% | 27.4% | 5.2% | 57.2% |
| July 13 | 4.5% | 5.1% | 28.9% | 5.8% | 55.6% |
| Aug 13 | 4.2% | 5.6% | 26.1% | 5.6% | 58.5% |
| Sept 13 | 3.4% | 4.7% | 27.3% | 6.0% | 58.5% |

## 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.