AFG MORTGAGE INDEX
First with the figures

SA

STRONGEST FEBRUARY ON RECORD FOR HOME LOANS – BUT FIRST HOME BUYERS DIVE TO FOUR YEAR LOW

4 March 2014

AFG, Australia's largest mortgage broker, processed more mortgages last month than for any February on record – a total of $3.7 billion. After a very strong January, the record-breaking February represents a 27% increase on mortgages processed for February 2013.

However the AFG Mortgage Index also shows that first home buyers comprised less than 10% of all mortgages processed for the first time since June 2010. The national average figure of 9.9% was triggered by a sharp decline in the number of first home buyers in WA, which for years has led the nation in this sector.

The proportion of home loans arranged for first time borrowers in WA fell to 19.5% last month from 24.2% in January. Month-on-month falls in the proportion of first home buyers were also recorded for South Australia (from 15.5% to 13.1%) and Victoria (11.2% to 10.3%). Queensland bucked the trend rising somewhat from 6.5% to 6.9%, while New South Wales remained the lowest in the country on a steady 3.4%.

Mark Hewitt, General Manager of Sales and Operations says: 'The overall, national figure for first home buyers has for some time concealed the reality that first home buying in NSW and QLD has been at very low levels since state government grants were withdrawn. Now that the WA figure has come off its very high levels, the issues faced by first home buyers are becoming more apparent. There has been some media commentary indicating that the ABS FHB numbers are understated however we disagree with this view. First Home Buyers are included in our data irrespective of whether they qualify for a grant or not and we clearly see a concerning downward trend. AFG's Mortgage Index reflects fierce competition in the mortgage market, with non-major lenders seizing back market share lost to the majors in January. Non-major lenders made particular inroads among investors, who tend to be the stickiest clients, with their market share in this sector increasing from 19.8% to 24.2% in February.

Full figures for each state are available at: www.afgonline.com.au In the News.

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AFG MORTGAGES SOLD

TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
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%
Oct 13	9,597	$4,057 m	$422k	38.4%	11.1%	34.3%
Nov 13	9,162	$3,994 m	$436k	39.3%	10.3%	33.9%
Dec 13	7,213	$3,054 m	$423k	38.8%	10.2%	35.1%
Jan 14	6,297	$2,585 m	$410k	38.9%	11.8%	33.1%
Feb 14	8,740	$3,759 m	$430k	38.9%	9.9%	33.6%

AFG MORTGAGES SOLD

TABLE 2: SA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	FIRST TIME BUYERS	PROPERTY INVESTORS
Dec 12	506	$157m	$310k	16.0%	38.6%
Jan 13	471	$153m	$325k	16.6%	31.6%
Feb 13	614	$209m	$340k	12.9%	34.6%
Mar 13	601	$200m	$333k	15.3%	34.3%
Apr 13	582	$186m	$320k	13.8%	29.9%
May 13	658	$202m	$308k	14.9%	28.9%
June 13	512	$165m	$322k	15.6%	26.6%
July 13	588	$188m	$321k	16.5%	26.9%
Aug 13	654	$206m	$315k	12.2%	32.9%
Sept 13	597	$193m	$324k	13.6%	34.7%
Oct 13	652	$230m	$353k	15.5%	36.4%
Nov 13	611	$207m	$338k	16.0%	36.4%
Dec 13	510	$162m	$319k	16.1%	33.5%
Jan 14	470	$153m	$326k	15.5%	33.9%
Feb 14	565	$188m	$333k	13.1%	33.7%

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
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%
2013 10	74.9%	25.1%	69.6%	30.4%	73.1%	26.9%	76.3%	23.7%
2013 11	72.3%	27.7%	64.4%	35.6%	71.8%	28.2%	74.7%	25.3%
2013 12	73.6%	26.4%	68.3%	31.7%	70.8%	29.2%	75.9%	24.1%
2014 01	76.0%	24.0%	70.0%	30.0%	73.5%	26.5%	80.2%	19.8%
2014 02	73.1%	26.9%	66.7%	33.3%	72.8%	27.2%	75.8%	24.2%

AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 4: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2013 10	422,758	512,192	355,836	353,916	414,923	410,299	383,306
2013 11	436,002	529,136	360,296	338,946	427,537	436,015	399,299
2013 12	423,510	516,483	358,121	319,007	406,055	437,591	379,182
2014 01	410,543	485,268	350,785	326,646	418,752	416,173	380,723
2014 02	430.194	518,145	357,754	333,958	419,253	430,772	378,874

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

TABLE 5: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2013 10	69.1%	66.4%	70.1%	71.1%	70.7%	71.7%	64.6%
2013 11	68.9%	65.5%	69.8%	68.6%	71.0%	70.7%	67.9%
2013 12	67.3%	65.4%	68.7%	70.0%	69.5%	71.3%	59.2%
2014 01	68.0%	64.5%	68.8%	68.9%	72.3%	71.6%	61.6%
2015 02	68.0%	65.6%	69.0%	67.8%	72.0%	71.0%	62.3%

LOAN TYPE

TABLE 6: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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%
Oct 13	3.8%	4.6%	27.7%	5.3%	58.5%
Nov 13	3.7%	5.1%	27.9%	5.4%	57.8%
Dec 13	3.7%	5.2%	24.9%	6.4%	59.8%
Jan 14	3.3%	4.7%	23.9%	9.7%	58.2%
Feb 14	3.6%	4.6%	25.0%	7.7%	59.1%

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.