

VIC

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the reality that first home buying in NSW and QLD has been at very low levels since state government grants were withdrawn.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
ENDS 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: VIC

| MONTH | TOTAL NUMBER | TOTAL AMOUNT | AVERAGE SIZE | FIRST TIME BUYERS | PROPERTY INVESTORS |
|---------|--------------|--------------|--------------|-------------------|--------------------|
| Dec 12 | 1,416 | \$555 m | \$392k | 16.5% | 37.2% |
| Jan 13 | 1,254 | \$472 m | \$376k | 19.6% | 34.8% |
| Feb 13 | 1,616 | \$612 m | \$379k | 17.1% | 34.0% |
| Mar 13 | 1,832 | \$705 m | \$385k | 18.3% | 34.8% |
| Apr 13 | 1,784 | \$693 m | \$388k | 18.3% | 33.1% |
| May 13 | 2,078 | \$794 m | \$382k | 18.9% | 34.9% |
| June 13 | 1,817 | \$706 m | \$388k | 16.5% | 36.3% |
| July 13 | 1,960 | \$759 m | \$387k | 13.4% | 32.9% |
| Aug 13 | 2,029 | \$795 m | \$391k | 11.2% | 36.7% |
| Sept 13 | 1,947 | \$773 m | \$397k | 10.9% | 37.8% |
| Oct 13 | 2,214 | \$918 m | \$414k | 11.3% | 37.7% |
| Nov 13 | 2,116 | \$904 m | \$427k | 11.4% | 38.2% |
| Dec 13 | 1,681 | \$682 m | \$406k | 8.7% | 36.6% |
| Jan 14 | 1,494 | \$625 m | \$418k | 11.2% | 37.4% |
| Feb 14 | 2,111 | \$885 m | \$419k | 10.3% | 38.4% |

MAJOR VS NON MAJOR LENDER MARKET SHARE
TABLE 3: BY BUYER TYPE

| MONTH | TOTAL MORTGAGES | | REFINANCE | | FIRST HOME BUYERS | | INVESTORS | |
|---------|-----------------|-----------|-----------|-----------|-------------------|-----------|-----------|-----------|
| | 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.

