

QLD

RECORD-BREAKING TWO IN FIVE NEW HOME LOANS FOR INVESTORS – LATEST FIGURES

1 April 2014

Two in five new home loans last month were processed for investors according to AFG, Australia's largest mortgage broker. AFG's Mortgage Index shows that 39.6% of all mortgages processed in March were for investors – the highest such figure the company has recorded in the seven years it has been reporting mortgage data.

A total of 3,384 loans with a total value of \$1.6 billion was processed for investors during March by AFG. The company has 11% of the total mortgage market in Australia (Source: AFG and ABS statistics) and while its figures are not definitive, they are strongly indicative of data published by the ABS six weeks later.

Investment activity varied from state to state. In NSW, investors accounted for 49% of all new home loans, in both Queensland and Victoria 37%, and in both South Australia and Western Australia 32%.

Mark Hewitt, General Manager of Sales and Operations says: 'Investors have been driving the market for most of the past twelve months to the point that two in five of all new home loans in March were for investors. The vast majority of these are Mum and Dad investors taking advantage of the equity in their existing properties, and the low rate environment, to build their property portfolio. The fact that fixed rate loans are now less popular than they have been for most of the past year suggests that borrowers are also less concerned about the prospect of potential rate rises.'

Fixed rate loans comprised 23.9% of all mortgages processed in March, down from 25% in February and a peak of 30.7% in April 2013.

Loan to value ratios, the value of a home loan expressed as a proportion of the property value, remained steady at 68% nationally – the level is has held for much of the past year.

Total loans processed by AFG in March were \$4,048 billion– the company's second biggest month since last October, when it processed \$4,057 billion.

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
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%
Mar 14	9,264	\$4,048 m	\$436k	39.6%	10.7%	33.9%

AFG MORTGAGES SOLD

TABLE 2: QLD

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	FIRST TIME BUYERS	PROPERTY INVESTORS
Jan 13	1,330	455m	\$342k	5.3%	34.5%
Feb 13	1,697	605m	\$356k	6.4%	34.2%
Mar 13	1,615	564m	\$349k	5.1%	34.5%
Apr 13	1,721	587m	\$341k	3.5%	36.2%
May 13	1,803	629m	\$348k	5.9%	32.3%
June 13	1,545	531m	\$344k	5.7%	35.0%
July 13	1,799	614m	\$341k	5.8%	33.9%
Aug 13	1,755	618m	\$352k	6.0%	35.8%
Sept 13	1,756	627m	\$357k	6.5%	35.9%
Oct 13	1,972	701m	\$355k	6.1%	36.9%
Nov 13	1,906	686m	\$360k	6.2%	33.6%
Dec 13	1,555	556m	\$358k	6.2%	34.9%
Jan 14	1,349	473m	\$350k	6.5%	33.5%
Feb 14	1,710	611m	\$357k	6.9%	32.3%
Mar 14	1,891	704m	\$372k	5.1%	37.1%

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 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%
2014 03	74.6%	25.4%	68.2%	31.8%	68.4%	31.6%	76.8%	23.2%

AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 4: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2014 03	436,983	529,763	372,809	339,568	417,604	435,643	367,476

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

TABLE 5: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2014 02	68.0%	65.6%	69.0%	67.8%	72.0%	71.0%	62.3%
2014 03	68.0%	64.6%	68.0%	70.9%	71.9%	71.3%	61.3%

LOAN TYPE

TABLE 6: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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%
Mar 14	3.5%	4.6%	23.9%	7.8%	60.1%

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 \$89 billion.