

NSW**INVESTOR ACTIVITY HEATS UP IN QLD AS NSW COMES OFF ALL TIME HIGH: LATEST MORTGAGE DATA**

1 July 2014

Investor activity is heating up in Queensland as it comes off unprecedented levels in NSW, according to AFG, Australia's largest mortgage broker. AFG's latest Mortgage Index, published today, shows that the proportion of mortgages arranged for investors rose from 33.5% in January to 38.7% in June in QLD. During the same period, investor loans in NSW declined from a peak of 53.4% in January to 45.9% in June. The June figure for NSW still leads the nation, with QLD next.

Elsewhere, VIC continues to enjoy solid investor support, with 36.6% of all home loans in June for investors. SA finished the year slightly higher on 35.5% and WA recorded 33.0% for investor loans in June.

AFG processed a total volume of \$3,794 million in home loans last month – 23% more than in June 2013. The June figure was 10% lower than for May, following the usual seasonal pattern.

Mark Hewitt, General Manager of Sales and Operations says: 'Overall it's been a great financial year for AFG – we processed almost \$44 billion in home loans, which is 24% more than in the last financial year. In NSW, investors have accounted for more than 2 out of every 5 home loans each month for the past two and a half years. What we're seeing now is a resurgence in QLD as investors step up activity there. In both cases it should also be noted that the proportion of first home buyers are at very low levels compared with the rest of the country.'

The proportion of first home buyers in NSW last month was 3.4%, compared with 5.6% for QLD, 11.3% for VIC, 12.9% for SA and 23.1% for WA.

The average mortgage size rose from \$401k in July 2013 to \$433k by the end of June 2014 – a 7.9% increase. The biggest rise was in QLD (from \$344k to \$373k – an 8.4% increase), followed by VIC (from \$388k to \$419k – up 7.9%), NSW (from \$494k to \$526k – up 6.4%), SA (from \$322k to \$335k – up 4.0%) and WA (from \$408k to \$424k – up 3.9%).

Loan to Value Ratios (LVRs) the value of a loan expressed as a percentage of the value of a property, fell during the financial year from 68.4% in July 2013 to 66.6% in June 2014. This trend is in line with the decline in first home buying (from 11.6% of all loans in July 2013 to 10.8% last month), with upgraders and investors using equity from existing properties to finance new purchases.

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AFG MORTGAGES SOLD

TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
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%
Apr 14	8,517	\$3,674 m	\$431k	39.0%	10.1%	34.1%
May 14	9,815	\$4,218 m	\$429k	40.0%	10.2%	34.7%
June 14	8,745	\$3,794 m	\$433k	39.2%	10.8%	36.7%

AFG MORTGAGES SOLD

TABLE 2: NSW

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	FIRST TIME BUYERS	PROPERTY INVESTORS
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%
Oct 13	2,526	1,293 m	\$512k	3.5%	47.2%
Nov 13	2,429	1,285 m	\$529k	2.8%	48.5%
Dec 13	1,799	929 m	\$516k	3.5%	48.9%
Jan 14	1,365	662 m	\$485k	3.4%	53.4%
Feb 14	2,354	1,219 m	\$518k	3.4%	47.5%
Mar 14	2,520	1,335 m	\$529k	3.4%	49.0%
Apr 14	2,158	1,140 m	\$528k	3.1%	46.9%
May 14	2,499	1,308 m	\$524k	3.5%	48.8%
June 14	2,318	1,221 m	\$526k	3.4%	45.9%

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 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%
2014 04	75.2%	24.8%	68.9%	31.1%	72.2%	27.8%	76.9%	23.1%
2014 05	74.7%	25.3%	69.2%	30.8%	70.4%	29.6%	77.2%	22.8%
2014 06	74.9%	25.1%	70.3%	29.7%	72.6%	27.4%	76.9%	23.1%

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 4: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2014 04	431,484	528,674	364,432	334,894	408,827	439,959	423,630
2014 05	429,794	524,009	369,926	323,841	416,521	423,236	391,383
2014 06	433,960	526,954	373,126	335,919	419,893	424,349	425,155

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

TABLE 5: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2014 04	66.7%	64.2%	65.0%	70.3%	72.4%	70.5%	58.1%
2014 05	68.8%	65.7%	68.0%	68.5%	71.4%	70.5%	68.6%
2014 06	66.6%	64.1%	66.7%	68.6%	70.6%	69.8%	59.8%

LOAN TYPE

TABLE 6: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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%
Apr 14	3.8%	4.6%	24.0%	7.6%	59.9%
May 14	4.5%	4.5%	23.9%	7.5%	59.5%
June 14	4.1%	4.2%	24.2%	7.3%	60.3%

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 broking group and one of the country's largest financial services companies. 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.