

QLD

INVESTORS DRIVE DEMAND FOR HOME LOANS TO RECORD HIGH – SEPTEMBER DATA

First home buyers fall to record low

2 October 2014

Strong demand from investors drove the overall number of home loans processed to a record high in September, according to AFG, Australia's largest mortgage broker. Last month the company processed a total of \$4.3 billion in mortgages across the country, with 40.3% processed on behalf of investors. The 40.3% figure is an increase on the previous all-time high proportion of 40.0% recorded in May this year, and the \$4.3 billion in volume is 3.5% above the previous record of \$4.2 billion, also recorded this May.

AFG is Australia's largest mortgage broker with a total market share of mortgages processed each month of approximately 10%. Its figures are usually strongly indicative of trends reported in ABS data six weeks later.

Investment mortgages comprised 49.7% of new home loans processed last month in NSW, 37.2% in VIC, 36.4% in SA, 34.9% in QLD and 32.2% in WA.

September also saw first home buyers fall to a record low of just 8.4% of new home loans processed. This figure was down from a previous low of 9.5% last month and a figure of 11.3% in September last year. First home buyers comprised 3.7% of new home loans in NSW, 5.1% in QLD, 7.5% in SA, 9.1% in VIC and 18.5% in WA.

Separate analysis conducted by AFG shows that the percentage of first home buyer loans with a loan to value ratio (LVR) above 90% has increased from 57% of all FHB loans in 2012 to 64% last month. During the same period, the proportion of investment loans with LVRs under 80% has declined from 46% to 40%. Strong overseas investor activity is likely to be a contributing to these changes.

Mark Hewitt, General Manager of Sales and Operations says: 'With countries like Canada making it more difficult for overseas residents to invest in property, very strong demand from investors can be expected this spring. The concern however is for first home buyers. Historically, this segment has comprised around 15% of all the loans we process, but in recent months this figure has fallen into single digits.'

The number of borrowers choosing to lock in fixed rates rose again in September to 25.3% - the highest such figure recorded since November 2013 (27.9%). Introductory loans, used by lenders to attract new borrowers comprised 8.4% of all new home loans - above the long term average or around 7%.

Loan to value ratios (LVRs), loans expressed as a proportion of property values, fell back in September to 66.9%. This compares to 69.5% in August and 68.5% in September 2013.

More information for each state can be found at www.afgonline.com.au under Media Hub – News and Data.

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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 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%
July 14	9,300	\$4,122 m	\$443k	38.0%	9.8%	36.1%
Aug 14	9,087	\$3,959 m	\$435k	39.0%	9.5%	35.3%
Sep 14	9,839	\$4,365 m	\$443k	40.3%	8.4%	36.0%

AFG MORTGAGES SOLD

TABLE 2: QLD

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	FIRST TIME BUYERS	PROPERTY INVESTORS
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%
Apr 14	1,733	631m	\$364k	4.7%	38.2%
May 14	1,941	718m	\$369k	5.0%	38.8%
June 14	1,711	638m	\$373k	5.6%	38.7%
July 14	1,834	685m	\$373k	4.8%	34.6%
Aug 14	1,888	690m	\$365k	5.5%	35.7%
Sep 14	1,973	708m	\$359k	5.1%	34.9%

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 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%
2014 07	74.7%	25.3%	67.9%	32.1%	71.4%	28.6%	77.5%	22.5%
2014 08	73.8%	26.2%	68.0%	32.0%	69.3%	30.7%	76.8%	23.2%
2014 09	73.2%	26.8%	64.9%	35.1%	68.1%	31.9%	75.5%	24.5%

AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 4: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2014 07	443,244	506,696	373,911	335,791	469,672	434,707	397,685
2014 08	435,782	532,105	365,571	338,525	422,125	428,916	401,888
2014 09	443,729	545,048	359,100	325,999	426,979	450,527	379,036

LOAN VALUE RATIOS (loan stated as % of property value)
TABLE 5: STATE BY STATE

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2014 07	68.2%	63.3%	67.3%	67.3%	71.2%	71.5%	68.4%
2014 08	69.5%	64.3%	67.8%	70.4%	70.9%	71.1%	72.5%
2014 09	66.9%	65.1%	66.3%	67.4%	72.6%	70.3%	60.0%

LOAN TYPE

TABLE 6: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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%
July 14	4.5%	3.8%	24.0%	9.6%	58.1%
Aug 14	4.2%	3.9%	24.9%	8.9%	57.9%
Sept 14	4.1%	3.8%	25.3%	8.4%	58.3%

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.