

NSW

MASSIVE HOME LOAN GRAB BY BIG BANKS: JANUARY FIGURES

2 February 2015

Major lenders grabbed an additional 7.4% of the home loan market in January, a huge gain for a single month, bringing the total mortgages processed for them to 74.9% of all loans according to AFG, Australia's largest mortgage broker. The additional 7.4% represents around \$206 million in home loans processed by AFG. If reflected across all distribution channels, this would equate to an additional \$2 billion market share in one month. Major lenders are defined as the Big Four banks and their subsidiary brands.

AFG's monthly Mortgage Index shows that non-major lenders steadily increased their market share during the second half of 2014, from 25.3% in July to a high of 32.5% in December. But the fight-back by majors saw this share reduced back to 25.1% in January.

Mark Hewitt, General Manager of Sales and Operations says: 'We saw very high levels of competition during the second half of last year, with non-major lenders winning significant business, especially among borrowers looking to refinance. But in a single month, majors have put non-majors back to where they were six months ago. Whatever the outcome of tomorrow's rate decision, lenders of all sizes are having to compete aggressively for borrowers' business.'

The AFG Mortgage Index also shows the proportion of first home buyers, which plunged to an all-time low of just 6.9% of all mortgages processed in December, moved upwards to 8.3% in January. While still well below the long term trend of around 15%, this figure was boosted by first home buyer figures rising from 1.7% to 2.9% in NSW, and 6.9% to 9.6% in VIC. Elsewhere, first home buyer proportions remained largely similar to previous months: 3.7% in QLD, 4.9% in SA and 19.2% in WA.

15.4% of all borrowers in January chose fixed rate loans, a small increase on the 14.5% in December. An unusually high figure of 7.5% of all home loans were 'Introductory' last month – home loans with lower initial rates typically offered when borrowers move from one lender to another.

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
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%
Oct 14	10,463	\$4,755 m	\$454k	38.7%	7.2%	34.7%
Nov 14	9,806	\$4,455 m	\$454k	40.7%	7.3%	33.6%
Dec 14	8,510	\$3,778 m	\$443k	39.4%	6.9%	37.3%
Jan 15	6,562	\$2,763 m	\$421k	38.5%	8.3%	39.0%

AFG MORTGAGES SOLD
TABLE 2: NSW

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	FIRST TIME BUYERS	PROPERTY INVESTORS
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%
July 14	2,398	1,210 m	\$506k	3.4%	47.8%
Aug 14	2,455	1,306 m	\$532k	3.5%	48.7%
Sept 14	2,775	1,512 m	\$545k	3.7%	49.7%
Oct 14	2,996	1,729 m	\$577k	2.2%	48.7%
Nov 14	2,738	1,537 m	\$561k	1.9%	50.9%
Dec 14	2,266	1,223 m	\$544k	1.7%	50.4%
Jan 15	1,604	815 m	\$508k	2.9%	48.1%

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 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%
2014 10	71.7%	28.3%	67.5%	32.5%	69.1%	30.9%	73.8%	26.2%
2014 11	70.1%	29.1%	63.0%	37.0%	64.3%	35.7%	75.5%	24.5%
2014 12	67.5%	32.5%	58.6%	41.4%	68.4%	31.6%	73.2%	26.8%
2015 01	74.9%	25.1%	68.6%	31.4%	73.4%	26.6%	78.7%	21.3%

AVERAGE MORTGAGE SIZE IN DOLLARS
TABLE 4: STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2014 10	454,516	577,439	367,670	352,569	425,011	437,373	408,427
2014 11	454,414	561,445	368,898	352,269	445,458	440,347	409,732
2014 12	443,986	544,281	374,391	349,146	438,934	427,983	374,898
2015 01	421,147	508,347	356,631	327,827	414,585	429,854	346,308

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

TABLE 5 : ALL AUSTRALIA

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2014 10	67.9%	65.8%	67.5%	71.7%	72.0%	69.4%	61.1%
2014 11	69.6%	64.9%	67.6%	69.0%	72.3%	72.4%	71.2%
2014 12	68.2%	65.1%	68.1%	68.0%	71.3%	68.4%	68.5%
2015 01	69.0%	65.5%	68.7%	70.7%	72.0%	71.5%	65.6%

LOAN TYPE

TABLE 6: ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
Nov 13	5.9%	5.0%	20.8%	4.3%	64.0%
Dec 13	6.1%	5.1%	18.5%	4.8%	65.6%
Jan 14	6.4%	4.6%	17.5%	6.7%	64.8%
Feb 14	6.0%	5.1%	18.3%	5.3%	65.3%
Mar 14	6.1%	5.1%	17.2%	5.6%	66.0%
Apr 14	5.9%	5.3%	17.5%	5.5%	65.9%
May 14	6.9%	5.1%	17.6%	5.3%	65.1%
June 14	6.2%	5.0%	17.2%	5.1%	66.6%
July 14	6.3%	4.8%	16.8%	6.6%	65.5%
Aug 14	6.5%	4.2%	17.8%	6.3%	65.2%
Sept 14	6.2%	4.3%	18.2%	5.9%	65.3%
Oct 14	5.2%	4.1%	18.2%	5.6%	66.9%
Nov 14	5.3%	4.6%	17.1%	4.9%	68.0%
Dec 14	5.3%	4.5%	14.5%	5.8%	69.8%
Jan 15	6.5%	3.9%	15.4%	7.5%	66.5%

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 \$100 billion.