

NATIONAL

RECORD-BREAKING JUNE FOR AFG – DESPITE INVESTMENT LOANS AT LOWEST LEVEL FOR TWO YEARS

6 July 2015

AFG, Australia's largest mortgage broker, announced a record-breaking volume of \$5.1 billion in mortgages processed for the month of June – up 34.5% on June 2014, and 1.7% on last month. This is also AFG's second highest month ever after achieving volume of \$5.2 billion in March this year.

While overall mortgage figures continue to be buoyant, the June figures showed a significant cooling for investment loans – down to 36.9% nationally from a peak of 43.1% in April. The last time overall investment loans were at similar levels was July 2013, when they comprised 35.9% of all mortgages processed.

Investment loans moderated most of all in NSW from 49.8% in May to 41.6% in June. Investment loans had been running at an average of 49.5% of all loans in NSW for the previous 12 months.

Elsewhere in Australia, the same moderating trend was repeated, with investment loans declining in SA from 41.8% to 36.8%, in QLD from 36.1% to 34.1%, in VIC from 36.5% to 35.7% and in WA from 31.8% to 31.2%.

Brett McKeon, AFG Managing Director says: "These figures suggest that APRA controls are starting to take effect, but not at the expense of the overall mortgage market. If this trend continues, it should help allay concerns about overheating in Sydney, in particular, as investment levels there come back into line with the sustainable, long term, national average."

AFG's Mortgage Index also shows that non-major lenders are making further headway as they compete for greater market share. Last month saw 30.9% of all mortgages processed for non-major lenders – the highest such figure since 32.5% recorded in December 2014. They are strongest in winning refinance loans (34.8% of all new loans) and weakest at competing for investors, where the major lenders still dominate with 75.5% of all new home loans.

Of new borrowers, 14.2% opted for a fixed rate mortgage last month, compared to 15.2% in May, with 76% of borrowers choosing a standard or basic variable home loan.

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

AFG Mortgage Index – Going Forward

Historically AFG has released the AFG Mortgage Index on a monthly basis. Following AFG's successful listing on the ASX, AFG has determined that the AFG Mortgage Index will be published on a quarterly basis from July 2015 (ie the first quarter will reflect the 3 months ending 30 September 2015)

ENDS

CONTACT DETAILS

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AFG ORIGINATED MORTGAGES

TABLE 1: ALL AUSTRALIA

MONTH	TOTAL NUMBER	TOTAL AMOUNT	AVERAGE SIZE	PROPERTY INVESTORS	FIRST TIME BUYERS	% REFINANCE
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%	32.8%
Feb 15	9,799	\$4,368 m	\$445k	39.6%	8.2%	35.0%
Mar 15	11,235	\$5,236 m	\$466k	41.7%	7.4%	34.9%
Apr 15	9,661	\$4,380 m	\$453k	43.1%	7.5%	33.9%
May 15	10,668	\$5,017 m	\$470k	40.9%	7.6%	38.2%
June 15	11,056	\$5,103 m	\$461k	36.9%	7.4%	38.6%

MAJOR VS NON MAJOR LENDER MARKET SHARE

TABLE 2: BY BUYER TYPE

MONTH	TOTAL MORTGAGES		REFINANCE		FIRST HOME BUYERS		INVESTORS	
	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR	MAJOR	NON-MAJOR
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%
2015 02	73.9%	26.1%	66.4%	33.6%	73.1%	26.9%	77.3%	22.7%
2015 03	72.5%	27.5%	66.2%	33.8%	70.9%	29.1%	76.2%	23.8%
2015 04	74.7%	25.3%	69.2%	30.8%	69.4%	30.6%	77.3%	22.7%
2015 05	71.9%	28.1%	64.1%	35.9%	72.3%	27.7%	75.7%	24.3%
2015 06	69.1%	30.9%	65.2%	34.8%	70.3%	29.7%	75.5%	24.5%

AVERAGE MORTGAGE SIZE IN DOLLARS

TABLE 3 : STATE BY STATE

MONTH	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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
2015 02	445,848	547,256	370,853	336,830	437,473	428,421	396,566
2015 03	466,048	576,992	382,291	349,813	439,090	447,861	437,107
2015 04	453,463	550,749	377,562	337,975	438,013	446,065	400,973
2015 05	470,331	575,286	381,180	368,228	448,525	453,754	440,465
2015 06	461,608	558,418	387,574	358,638	440,404	444,048	431,070

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

TABLE 4 : ALL AUSTRALIA

	AUSTRALIA	NSW	QLD	SA	VIC	WA	NT
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%
2015 02	67.7%	64.6%	68.7%	66.5%	71.5%	71.7%	63.5%
2015 03	67.8%	64.2%	66.8%	67.4%	72.0%	69.3%	67.3%
2015 04	68.0%	63.4%	67.7%	70.4%	71.4%	70.5%	64.5%
2015 05	68.2%	62.3%	66.7%	71.1%	71.7%	71.1%	66.1%
2015 06	67.4%	63.2%	67.1%	68.0%	71.1%	70.4%	64.6%

LOAN TYPE

TABLE 5 : ALL AUSTRALIA

MONTH	BASIC	EQUITY	FIXED	INTRO	STANDARD
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%
Feb 15	6.6%	3.8%	13.6%	7.9%	68.2%
Mar 15	6.6%	3.7%	14.2%	6.6%	68.8%
Apr 15	6.0%	3.5%	13.6%	6.6%	70.3%
May 15	6.0%	3.6%	15.2%	6.6%	68.6%
June 15	5.7%	3.2%	14.2%	6.5%	70.4%

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. Established in 1994, AFG now provides more than 20% of brokers nationwide with access to Australia's leading lending institutions, and has a loan book in excess of \$100 billion.