

11 April 2018

Competition vital for all mortgage holders

The release today of the AFG Mortgage Index (ASX:AFG) highlights that the ongoing regulatory intervention into the sector is potentially stifling growth in mortgage applications. Further growth in non-major market share reinforces an increasing appetite for these lenders and highlights the vital role mortgage brokers play in enabling these lenders to compete.

AFG Chief Executive Officer David Bailey explained the results, “Whilst there is likely to be some small seasonal impact on numbers for the quarter, the Index highlights some marginal softening compared to the same period in 2017 with lodgements down just 1.8% on the prior period and just 0.8% on a rolling 12-month basis.

“Given the timing of public holidays and suggestions that Sydney house prices are coming off a little, the fact that there does not seem to be any growth is not surprising,” he said. The only market in the country which appears to be generating ongoing growth is Victoria.

“Western Australia, whilst initially showing signs of some green shoots earlier in the quarter appears to have softened. First home buyers are a known stimulant for an economy, so we hope that the recently announced increased GST allocation to WA will be used in part to stimulate this sector.

Interest Only home loans appear to have levelled off at around 20% over the past three quarters. “With some lenders indicating they again have an appetite for this type of lending, we would probably call this the bottom for this segment of the market.

AFG’s data also shows the non-majors have continued to pick up market share to now be sitting at more than 36%.

“AFG has 45 lenders on its panel,” said Mr Bailey. “This distribution model creates competitive tension in the lending market which leads to increased consumer choice and, most importantly, improved loan pricing and service across the entire market which benefits all Australian borrowers.

Industry regulator ASIC concluded in its recent examination of the sector¹ that mortgage broking promotes competition by playing a valuable role in providing a distribution channel for lenders, particularly smaller lenders, and exerting downward pressure on home loan pricing,” said Mr Bailey. “The presence of the mortgage broking channel is one of the few drivers of competitive tension in the Australian lending market.

¹ Australian Securities and Investments Commission’s Report No. 516: Review of Mortgage Broker Remuneration

CONTACT DETAILS

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TABLE 1 - ALL AUSTRALIA

AFG MORTGAGES LODGED

Fiscal Year	Fiscal Quarter	Lodge #	Lodge Volume	Avg Loan	Inv %	First Home Buyers %	Refinance %	Upgrader %	Interest Only %	Principal & Interest %
2013	1	21,572	\$8,416,747,858	\$390,170	36%	15%	34%	28%	53%	47%
2013	2	21,409	\$8,487,498,307	\$396,445	36%	12%	34%	31%	51%	48%
2013	3	21,210	\$8,322,945,106	\$392,407	36%	12%	33%	31%	52%	48%
2013	4	24,446	\$9,799,859,820	\$400,878	37%	11%	33%	30%	54%	46%
2014	1	25,819	\$10,542,068,141	\$408,307	38%	10%	31%	32%	54%	46%
2014	2	25,896	\$10,985,009,498	\$424,197	39%	9%	32%	31%	56%	44%
2014	3	24,232	\$10,303,134,053	\$425,187	39%	9%	32%	31%	57%	43%
2014	4	26,966	\$11,551,679,672	\$428,379	39%	9%	34%	30%	58%	42%
2015	1	28,133	\$12,204,496,350	\$433,814	39%	8%	34%	31%	58%	42%
2015	2	28,664	\$12,890,904,075	\$449,725	39%	7%	36%	30%	59%	41%
2015	3	27,496	\$12,267,611,650	\$446,160	40%	8%	35%	30%	59%	41%
2015	4	31,231	\$14,355,563,133	\$459,657	40%	8%	37%	28%	59%	40%
2016	1	29,920	\$14,074,537,291	\$470,406	33%	9%	36%	34%	54%	46%
2016	2	28,851	\$13,708,380,726	\$475,144	31%	7%	38%	35%	50%	50%
2016	3	27,277	\$12,899,491,875	\$472,907	33%	8%	38%	34%	48%	52%
2016	4	30,359	\$14,490,632,140	\$477,309	34%	7%	39%	33%	47%	53%
2017	1	31,571	\$15,122,301,277	\$478,993	32%	8%	38%	34%	46%	54%
2017	2	30,727	\$14,968,284,284	\$487,138	34%	9%	38%	32%	47%	53%
2017	3	28,994	\$14,124,175,334	\$487,141	32%	10%	35%	34%	44%	55%
2017	4	30,048	\$14,544,295,596	\$484,035	31%	10%	29%	39%	33%	67%
2018	1	30,466	\$14,944,135,313	\$490,518	29%	13%	25%	41%	19%	81%
2018	2	29,698	\$14,840,221,714	\$499,704	28%	13%	22%	44%	19%	81%
2018	3	27,767	\$13,872,602,877	\$499,608	29%	13%	23%	43%	20%	80%

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TABLE 2 - BY BUYER TYPE

MAJOR VS NON MAJOR LENDER MARKET SHARE

Fiscal Year	Fiscal Quarter	Lodge Volume		Investment Volume		First Home Buyers Volume		Refinance Volume		Upgrader Volume		Interest Only Volume		Principal & Interest Volume	
		Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major	Major	Non-Major
2013	1	77.1%	22.9%	79.4%	20.6%	74.5%	25.5%	72.9%	27.1%	79.5%	20.5%	81.3%	18.7%	72.4%	27.6%
2013	2	77.6%	22.4%	80.8%	19.2%	74.2%	25.8%	73.6%	26.4%	79.3%	20.7%	81.6%	18.4%	73.4%	26.6%
2013	3	78.2%	21.8%	80.0%	20.0%	77.1%	22.9%	73.4%	26.6%	80.4%	19.6%	82.2%	17.8%	74.0%	26.0%
2013	4	77.0%	23.0%	79.3%	20.7%	74.5%	25.5%	72.6%	27.4%	79.3%	20.7%	80.4%	19.6%	73.1%	26.9%
2014	1	74.1%	25.9%	76.5%	23.5%	72.8%	27.2%	67.3%	32.7%	76.9%	23.1%	77.0%	23.0%	70.7%	29.3%
2014	2	73.6%	26.4%	75.4%	24.6%	72.2%	27.8%	67.5%	32.5%	76.1%	23.9%	76.5%	23.5%	69.8%	30.2%
2014	3	74.3%	25.7%	77.1%	22.9%	71.1%	28.9%	68.3%	31.7%	76.7%	23.3%	77.3%	22.7%	70.5%	29.5%
2014	4	74.8%	25.2%	77.3%	22.7%	71.6%	28.4%	69.3%	30.7%	77.9%	22.1%	77.8%	22.2%	70.5%	29.5%
2015	1	73.7%	26.3%	76.8%	23.2%	69.7%	30.3%	66.5%	33.5%	77.3%	22.7%	77.0%	23.0%	69.1%	30.9%
2015	2	69.8%	30.2%	74.2%	25.8%	67.0%	33.0%	62.5%	37.5%	72.6%	27.4%	73.9%	26.1%	63.8%	36.2%
2015	3	73.4%	26.6%	76.4%	23.6%	72.3%	27.7%	67.1%	32.9%	75.5%	24.5%	76.9%	23.1%	68.3%	31.7%
2015	4	71.7%	28.3%	74.8%	25.2%	70.7%	29.3%	64.8%	35.2%	75.5%	24.5%	76.5%	23.5%	64.9%	35.1%
2016	1	73.7%	26.3%	72.7%	27.3%	73.8%	26.2%	68.9%	31.1%	78.1%	21.9%	78.2%	21.8%	68.6%	31.4%
2016	2	69.9%	30.1%	71.1%	28.9%	70.4%	29.6%	61.2%	38.8%	75.4%	24.6%	76.6%	23.4%	63.4%	36.6%
2016	3	70.6%	29.4%	72.0%	28.0%	70.0%	30.0%	64.8%	35.2%	74.5%	25.5%	76.2%	23.8%	65.4%	34.6%
2016	4	70.9%	29.1%	73.9%	26.1%	72.2%	27.8%	66.2%	33.8%	73.4%	26.6%	75.0%	25.0%	67.3%	32.7%
2017	1	71.1%	28.9%	74.5%	25.5%	77.0%	23.0%	65.5%	34.5%	73.4%	26.6%	75.6%	24.4%	67.4%	32.6%
2017	2	65.2%	34.8%	68.4%	31.6%	68.3%	31.7%	58.2%	41.8%	69.0%	31.0%	69.8%	30.2%	61.3%	38.7%
2017	3	65.5%	34.5%	67.2%	32.8%	70.2%	29.8%	58.0%	42.0%	69.4%	30.6%	69.0%	31.0%	62.8%	37.2%
2017	4	64.7%	35.3%	68.5%	31.5%	70.1%	29.9%	57.4%	42.6%	65.9%	34.1%	62.7%	37.3%	65.7%	34.3%
2018	1	64.3%	35.7%	69.0%	31.0%	68.0%	32.0%	57.5%	42.5%	64.2%	35.8%	58.3%	41.7%	65.9%	34.1%
2018	2	64.2%	35.8%	66.5%	33.5%	69.5%	30.5%	57.7%	42.3%	64.3%	35.7%	63.6%	36.4%	64.3%	35.7%
2018	3	63.3%	36.7%	65.2%	34.8%	67.6%	32.4%	59.0%	41.0%	63.3%	36.7%	65.2%	34.8%	63.0%	37.0%

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TABLE 3 - BY STATE/TERRITORY

TOTAL LODGEMENT VOLUME

Fiscal Year	Fiscal Quarter	National	NSW	NT	QLD	SA	VIC	WA
2013	1	\$8,416,747,858	\$2,317,367,446	\$112,863,129	\$1,700,649,487	\$539,250,818	\$1,863,981,141	\$1,882,635,836
2013	2	\$8,487,498,307	\$2,398,852,212	\$110,388,955	\$1,624,079,026	\$538,593,522	\$1,900,825,060	\$1,914,759,532
2013	3	\$8,322,945,106	\$2,280,966,495	\$101,610,181	\$1,596,742,132	\$557,028,090	\$1,773,185,026	\$2,013,413,182
2013	4	\$9,799,859,820	\$2,888,883,235	\$122,968,345	\$1,721,114,526	\$548,935,991	\$2,182,800,665	\$2,335,157,058
2014	1	\$10,542,068,141	\$3,363,650,441	\$139,190,621	\$1,838,570,242	\$585,449,797	\$2,299,156,557	\$2,316,050,484
2014	2	\$10,985,009,498	\$3,472,344,992	\$147,198,387	\$1,928,422,689	\$590,007,574	\$2,477,238,645	\$2,369,797,211
2014	3	\$10,303,134,053	\$3,187,107,101	\$131,039,892	\$1,767,079,902	\$546,204,335	\$2,425,749,349	\$2,245,953,475
2014	4	\$11,551,679,672	\$3,628,819,262	\$149,390,595	\$1,966,392,889	\$619,877,859	\$2,704,255,935	\$2,482,943,132
2015	1	\$12,204,496,350	\$3,982,906,593	\$152,960,284	\$2,058,793,631	\$607,398,884	\$2,916,486,393	\$2,485,950,565
2015	2	\$12,890,904,075	\$4,471,631,946	\$149,649,155	\$2,158,925,047	\$688,396,536	\$3,062,350,192	\$2,359,951,199
2015	3	\$12,267,611,650	\$4,279,279,704	\$148,109,278	\$1,993,246,499	\$644,051,341	\$2,933,481,013	\$2,269,443,815
2015	4	\$14,355,563,133	\$5,330,395,403	\$116,485,391	\$2,265,378,579	\$771,411,097	\$3,391,670,212	\$2,480,222,452
2016	1	\$14,074,537,291	\$5,270,517,626	\$113,864,980	\$2,137,838,711	\$760,635,526	\$3,517,077,687	\$2,274,602,761
2016	2	\$13,708,380,726	\$4,986,730,658	\$116,645,325	\$2,128,924,246	\$772,308,708	\$3,576,347,152	\$2,127,424,638
2016	3	\$12,899,491,875	\$4,693,704,060	\$104,974,788	\$2,135,145,631	\$712,290,474	\$3,368,895,762	\$1,884,481,160
2016	4	\$14,490,632,140	\$5,288,411,179	\$116,619,716	\$2,411,258,756	\$791,790,063	\$3,878,196,519	\$2,004,355,908
2017	1	\$15,122,301,277	\$5,469,129,452	\$105,881,101	\$2,584,026,902	\$800,951,939	\$4,228,223,897	\$1,934,087,986
2017	2	\$14,968,284,284	\$5,414,741,886	\$95,196,435	\$2,497,132,961	\$773,296,604	\$4,399,772,172	\$1,788,144,227
2017	3	\$14,124,175,334	\$5,063,670,295	\$100,197,613	\$2,357,034,853	\$750,071,201	\$4,240,996,176	\$1,612,205,196
2017	4	\$14,544,295,596	\$5,234,358,819	\$64,301,293	\$2,423,381,697	\$770,924,709	\$4,440,857,591	\$1,610,471,486
2018	1	\$14,944,135,313	\$5,253,154,150	\$83,166,205	\$2,375,532,683	\$759,985,291	\$4,917,619,861	\$1,554,677,124
2018	2	\$14,840,221,714	\$5,139,654,073	\$89,197,485	\$2,370,386,633	\$759,630,793	\$4,915,474,724	\$1,565,878,007
2018	3	\$13,872,602,877	\$4,808,548,242	\$94,831,588	\$2,167,930,209	\$699,180,761	\$4,586,447,144	\$1,515,664,934

CONTACT DETAILS

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TABLE 4 - BY STATE/TERRITORY

AVERAGE MORTGAGE SIZE IN DOLLARS

Fiscal Year	Fiscal Quarter	National	NSW	NT	QLD	SA	VIC	WA
2013	1	\$390,170	\$454,208	\$393,251	\$344,540	\$315,721	\$382,905	\$403,048
2013	2	\$396,445	\$471,380	\$379,343	\$343,648	\$314,049	\$385,016	\$411,688
2013	3	\$392,407	\$459,502	\$376,334	\$346,140	\$331,960	\$378,078	\$403,086
2013	4	\$400,878	\$482,929	\$401,857	\$341,559	\$314,037	\$384,431	\$410,180
2014	1	\$408,307	\$496,846	\$397,687	\$347,950	\$318,525	\$389,292	\$408,402
2014	2	\$424,197	\$515,950	\$384,330	\$356,060	\$332,961	\$413,286	\$423,103
2014	3	\$425,187	\$513,057	\$378,728	\$358,725	\$333,255	\$415,795	\$425,773
2014	4	\$428,379	\$522,659	\$410,414	\$364,958	\$330,073	\$411,983	\$425,964
2015	1	\$433,814	\$523,722	\$388,224	\$362,783	\$332,639	\$423,600	\$432,490
2015	2	\$449,725	\$560,917	\$399,064	\$368,480	\$350,686	\$434,438	\$433,337
2015	3	\$446,160	\$550,602	\$392,863	\$370,699	\$338,262	\$429,751	\$433,100
2015	4	\$459,657	\$558,098	\$422,049	\$380,033	\$352,403	\$440,077	\$447,129
2016	1	\$470,406	\$582,378	\$399,526	\$386,310	\$362,035	\$455,226	\$435,414
2016	2	\$475,144	\$581,611	\$422,628	\$393,371	\$371,660	\$463,918	\$443,029
2016	3	\$472,907	\$588,700	\$383,120	\$394,521	\$372,342	\$446,389	\$453,218
2016	4	\$477,309	\$591,479	\$407,761	\$398,621	\$378,485	\$455,294	\$448,101
2017	1	\$478,993	\$596,806	\$408,807	\$400,252	\$378,701	\$458,394	\$444,312
2017	2	\$487,138	\$602,441	\$385,411	\$403,349	\$377,955	\$476,424	\$444,812
2017	3	\$487,141	\$602,173	\$414,040	\$404,225	\$385,245	\$476,356	\$440,253
2017	4	\$484,035	\$594,071	\$401,883	\$408,320	\$378,090	\$473,187	\$433,155
2018	1	\$490,518	\$597,085	\$399,838	\$411,918	\$388,541	\$481,695	\$440,668
2018	2	\$499,704	\$611,427	\$469,460	\$416,369	\$389,754	\$496,362	\$440,224
2018	3	\$499,608	\$605,458	\$443,138	\$419,654	\$399,076	\$495,297	\$441,499

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TABLE 5 - BY STATE/TERRITORY

LOAN VALUE RATIOS (LOAN STATED AS % OF PROPERTY VALUE)

Fiscal Year	Fiscal Quarter	LVR						
		National	NSW	NT	QLD	SA	VIC	WA
2013	1	69.6%	69.8%	68.3%	70.2%	69.0%	70.4%	70.1%
2013	2	70.2%	70.5%	67.1%	70.5%	70.3%	71.1%	72.0%
2013	3	70.3%	70.0%	68.0%	70.2%	70.4%	71.8%	71.2%
2013	4	70.0%	69.7%	68.0%	69.8%	70.3%	72.0%	70.3%
2014	1	69.9%	69.6%	66.3%	70.4%	69.3%	71.9%	71.6%
2014	2	70.4%	69.3%	67.2%	71.3%	71.3%	71.9%	71.6%
2014	3	69.9%	69.0%	66.2%	70.1%	70.8%	72.7%	70.6%
2014	4	69.6%	68.6%	65.1%	69.4%	71.4%	72.8%	70.1%
2015	1	70.1%	68.7%	68.3%	69.0%	70.9%	72.5%	71.2%
2015	2	70.5%	68.7%	69.1%	69.8%	71.7%	73.1%	70.6%
2015	3	69.8%	68.4%	66.0%	69.9%	70.8%	72.9%	70.7%
2015	4	69.7%	66.9%	66.4%	69.6%	71.8%	72.7%	71.0%
2016	1	69.8%	67.4%	68.2%	69.2%	69.6%	73.0%	71.5%
2016	2	69.7%	66.0%	67.8%	70.3%	71.4%	71.8%	71.2%
2016	3	69.3%	66.2%	64.3%	70.2%	71.1%	72.7%	71.2%
2016	4	69.4%	66.1%	67.1%	70.0%	70.2%	72.2%	70.6%
2017	1	69.6%	66.3%	68.1%	70.1%	70.6%	71.1%	71.5%
2017	2	69.4%	65.6%	67.8%	69.6%	70.3%	71.9%	71.3%
2017	3	69.1%	65.5%	66.9%	68.9%	70.8%	71.6%	70.9%
2017	4	67.8%	64.2%	63.6%	68.1%	69.9%	70.9%	69.9%
2018	1	68.6%	64.5%	66.2%	68.9%	68.8%	70.8%	72.3%
2018	2	68.5%	64.5%	66.8%	68.5%	70.7%	69.4%	71.1%
2018	3	68.2%	63.7%	66.4%	68.7%	71.0%	68.8%	70.9%

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TABLE 6 - ALL AUSTRALIA

LOAN TYPE

Fiscal Year	Fiscal Quarter	Loan Type				
		Basic Variable	Equity	Fixed	Intro	Standard Variable
2013	1	7.6%	7.0%	14.6%	2.5%	68.4%
2013	2	7.6%	6.1%	15.6%	1.9%	68.8%
2013	3	6.6%	5.3%	18.3%	3.1%	66.7%
2013	4	6.1%	5.8%	21.8%	3.8%	62.5%
2014	1	6.5%	5.6%	20.4%	4.6%	62.9%
2014	2	5.4%	5.4%	20.3%	4.4%	64.5%
2014	3	5.6%	5.3%	17.9%	5.8%	65.4%
2014	4	6.0%	5.5%	17.5%	5.2%	65.8%
2015	1	6.4%	4.7%	17.6%	5.6%	65.7%
2015	2	5.8%	4.9%	16.8%	4.6%	68.0%
2015	3	6.3%	4.2%	14.3%	7.0%	68.2%
2015	4	5.8%	3.7%	14.5%	6.3%	69.7%
2016	1	9.1%	3.5%	11.4%	5.3%	70.6%
2016	2	8.4%	3.5%	14.3%	4.0%	69.8%
2016	3	8.9%	2.7%	17.7%	2.9%	67.8%
2016	4	7.6%	2.6%	18.6%	3.6%	67.5%
2017	1	8.0%	2.9%	16.1%	6.1%	66.9%
2017	2	10.3%	2.6%	16.5%	5.0%	65.6%
2017	3	9.1%	2.2%	18.1%	4.7%	65.9%
2017	4	8.5%	1.7%	23.9%	2.3%	63.6%
2018	1	7.9%	1.2%	26.4%	2.5%	61.9%
2018	2	9.0%	1.1%	21.9%	3.6%	64.5%
2018	3	9.7%	0.9%	19.6%	5.0%	64.9%

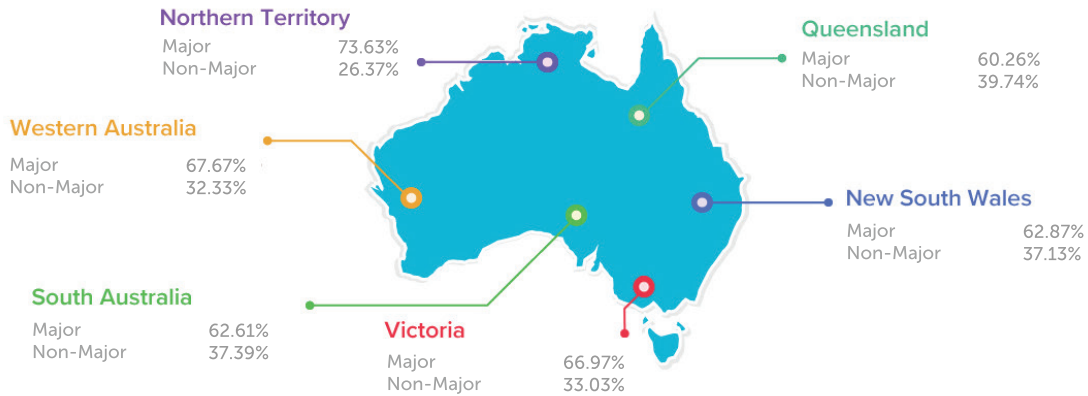
CONTACT DETAILS

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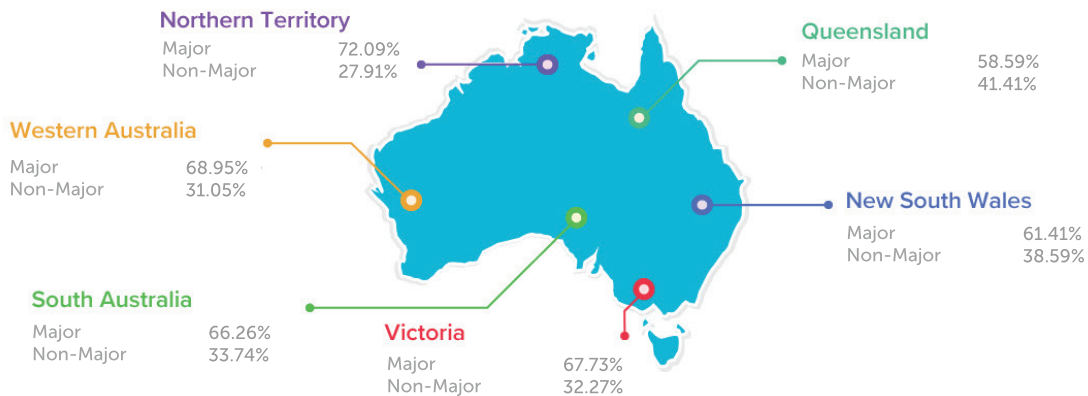
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MAJOR VS NON-MAJOR BY STATE

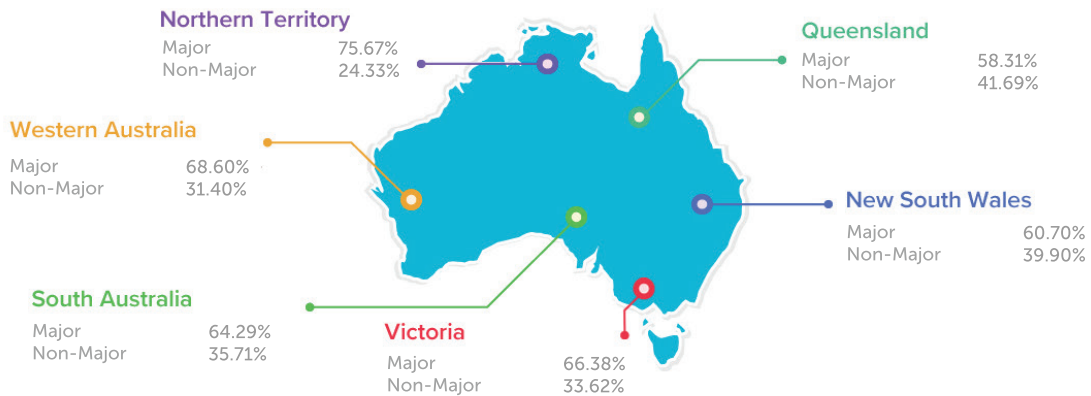
Financial Year: 2018 | Quarter 1



Financial Year: 2018 | Quarter 2



Financial Year: 2018 | Quarter 3



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