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13 October 2017

Market Announcements Office
ASX Limited
Exchange Centre
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Dear Sir

AFG MORTGAGE INDEX – Q1 2018

Please see attached statement regarding AFG's Mortgage Index for the first quarter of financial year 2018.

Yours faithfully,

Lisa Bevan
Company Secretary

CONTACT DETAILS

Alison Clarke, AFG Head of Corporate Communications

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13 October 2017

Regulator activity begins to bite

AFG's latest Mortgage Index results released today shows that major structural change in the Australian lending landscape is continuing.

"Today's results paint a very different picture from this time last year," said AFG CEO David Bailey. "Regulator-led tightening of investor lending has led to a further drop in investor volume and they are now sitting at an all time low of 29% of the market.

The shift in lender appetite from investors to upgraders is also evident in average loan size. "The national average home loan is now sitting at an all time high of \$491,000," said Mr Bailey. "This increase can be explained by the fact that people generally spend more for their primary place of residence than they do for an investment property.

The number of people looking to refinance has dropped to 25%, whilst those keen to upgrade their living situation is increasing with upgraders now representing 41% of the market. "This is also likely to be a reflection of the lack of lending options on the table for investors wanting to refinance, as lenders pull back from the investor market to meet regulator demands," said Mr Bailey.

The major lenders' share of the market is also down to a post-GFC low of 64.4% as borrowers continue to explore alternatives outside of the major bank owned brands.

"Looking at loan type, fixed rates are now at 26.3% of all loans which confirms many Australians are anticipating that the next interest rate move will be up" said Mr Bailey.

First home buyers are enjoying their third consecutive quarter in double digits since the beginning of 2014. "National market share for first home buyers has lifted to 13% across the last quarter, helped in part by new stamp duty concessions kicking in on July 1 for this segment of the market in Victoria and New South Wales."

Victoria continues to set the pace with lodgement volumes in that state up 27% on the first quarter of last year whilst every other state has lost momentum to varying degrees. The strength of the Victorian home market is also evidenced in the average loan size for that state, which is 5% higher than it was at the same time last year.

"Overall, volumes are up on the previous two quarters, however, compared to the same time last year they are flat. This translates into the view that regulator-led changes are being felt everywhere except Victoria," concluded Mr Bailey.

-ends-

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TABLE 1 - ALL AUSTRALIA

AFG MORTGAGES LODGED

Fiscal Year	Fiscal Quarter	Lodge #	Lodge Vol	Avg Loan	Inv %	First Home Buyers %	Refinance %	Upgrader %
2013	1	21,572	\$8,416,747,858	\$390,170	36%	15%	34%	28%
2013	2	21,409	\$8,487,498,307	\$396,445	36%	12%	34%	31%
2013	3	21,210	\$8,322,602,170	\$392,390	36%	12%	33%	31%
2013	4	24,446	\$9,799,859,820	\$400,878	37%	11%	33%	30%
2014	1	25,819	\$10,541,737,827	\$408,294	38%	10%	31%	32%
2014	2	25,896	\$10,983,112,498	\$424,124	39%	9%	32%	31%
2014	3	24,232	\$10,303,354,052	\$425,196	39%	9%	32%	31%
2014	4	26,966	\$11,551,289,535	\$428,365	39%	9%	34%	30%
2015	1	28,134	\$12,204,892,149	\$433,813	39%	8%	34%	31%
2015	2	28,664	\$12,890,718,175	\$449,718	39%	7%	36%	30%
2015	3	27,497	\$12,268,066,204	\$446,160	40%	8%	35%	30%
2015	4	31,231	\$14,355,977,655	\$459,671	40%	8%	37%	28%
2016	1	29,920	\$14,074,024,978	\$470,389	33%	9%	36%	34%
2016	2	28,853	\$13,707,580,625	\$475,083	31%	7%	38%	35%
2016	3	27,279	\$12,898,759,815	\$472,846	33%	8%	38%	33%
2016	4	30,371	\$14,493,261,266	\$477,207	34%	7%	39%	32%
2017	1	31,593	\$15,136,246,232	\$479,101	32%	8%	38%	34%
2017	2	30,817	\$15,065,649,900	\$488,875	34%	9%	38%	32%
2017	3	28,637	\$13,940,796,476	\$486,811	32%	10%	35%	34%
2017	4	30,101	\$14,577,771,212	\$484,295	31%	10%	29%	39%
2018	1	30,508	\$15,008,474,745	\$491,952	29%	13%	25%	41%

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TABLE 2 - BY BUYER TYPE

MAJOR VS NON MAJOR LENDER MARKET SHARE

Fiscal Year	Fiscal Quarter	Total		Investment		First Home Buyers		Refinance		Upgrader	
		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%
2013	2	77.6%	22.4%	80.8%	19.2%	74.2%	25.8%	73.6%	26.4%	79.3%	20.7%
2013	3	78.2%	21.8%	80.0%	20.0%	77.1%	22.9%	73.4%	26.6%	80.4%	19.6%
2013	4	77.0%	23.0%	79.3%	20.7%	74.5%	25.5%	72.6%	27.4%	79.3%	20.7%
2014	1	74.1%	25.9%	76.5%	23.5%	72.8%	27.2%	67.3%	32.7%	76.9%	23.1%
2014	2	73.6%	26.4%	75.4%	24.6%	72.2%	27.8%	67.5%	32.5%	76.1%	23.9%
2014	3	74.3%	25.7%	77.1%	22.9%	71.1%	28.9%	68.3%	31.7%	76.7%	23.3%
2014	4	74.8%	25.2%	77.3%	22.7%	71.6%	28.4%	69.3%	30.7%	77.9%	22.1%
2015	1	73.7%	26.3%	76.8%	23.2%	69.7%	30.3%	66.5%	33.5%	77.3%	22.7%
2015	2	69.8%	30.2%	74.2%	25.8%	67.0%	33.0%	62.5%	37.5%	72.6%	27.4%
2015	3	73.4%	26.6%	76.5%	23.5%	72.3%	27.7%	67.1%	32.9%	75.5%	24.5%
2015	4	71.7%	28.3%	74.8%	25.2%	70.7%	29.3%	64.8%	35.2%	75.5%	24.5%
2016	1	73.7%	26.3%	72.7%	27.3%	73.9%	26.1%	68.9%	31.1%	78.1%	21.9%
2016	2	69.9%	30.1%	71.1%	28.9%	70.3%	29.7%	61.2%	38.8%	75.4%	24.6%
2016	3	70.6%	29.4%	72.0%	28.0%	70.0%	30.0%	64.8%	35.2%	74.5%	25.5%
2016	4	70.9%	29.1%	73.9%	26.1%	72.3%	27.7%	66.2%	33.8%	73.4%	26.6%
2017	1	71.2%	28.8%	74.5%	25.5%	76.9%	23.1%	65.5%	34.5%	73.4%	26.6%
2017	2	65.3%	34.7%	68.6%	31.4%	68.3%	31.7%	58.2%	41.8%	69.1%	30.9%
2017	3	65.6%	34.4%	67.5%	32.5%	70.0%	30.0%	57.9%	42.1%	69.4%	30.6%
2017	4	64.8%	35.2%	68.7%	31.3%	70.1%	29.9%	57.6%	42.4%	65.9%	34.1%
2018	1	64.4%	35.6%	69.0%	31.0%	68.0%	32.0%	57.5%	42.5%	64.3%	35.7%

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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	\$8,322,602,170	\$2,280,623,559	\$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	\$10,541,737,827	\$3,363,320,441	\$139,190,621	\$1,839,152,242	\$585,449,797	\$2,298,574,557	\$2,316,050,170
2014	2	\$10,983,112,498	\$3,471,438,992	\$147,198,387	\$1,928,914,555	\$590,007,574	\$2,476,370,779	\$2,369,182,211
2014	3	\$10,303,354,052	\$3,187,327,100	\$131,039,892	\$1,768,964,730	\$546,204,335	\$2,423,864,521	\$2,245,953,475
2014	4	\$11,551,289,535	\$3,628,819,262	\$149,390,595	\$1,966,877,888	\$619,877,859	\$2,703,386,185	\$2,482,937,746
2015	1	\$12,204,892,149	\$3,982,412,392	\$152,960,284	\$2,059,972,740	\$607,398,884	\$2,915,367,284	\$2,486,780,565
2015	2	\$12,890,718,175	\$4,471,631,946	\$149,649,155	\$2,159,902,640	\$688,245,636	\$3,061,337,599	\$2,359,951,199
2015	3	\$12,268,066,204	\$4,278,499,703	\$148,109,278	\$1,994,086,543	\$644,335,811	\$2,931,871,054	\$2,271,163,815
2015	4	\$14,355,977,655	\$5,330,767,183	\$116,485,391	\$2,266,686,500	\$771,411,097	\$3,390,725,033	\$2,479,902,452
2016	1	\$14,074,024,978	\$5,269,685,625	\$113,864,980	\$2,139,109,596	\$760,286,366	\$3,516,475,649	\$2,274,602,761
2016	2	\$13,707,580,625	\$4,986,070,556	\$116,645,325	\$2,130,846,756	\$772,308,708	\$3,574,584,643	\$2,127,124,638
2016	3	\$12,898,759,815	\$4,693,055,399	\$104,974,788	\$2,138,500,300	\$712,540,474	\$3,365,240,364	\$1,884,448,490
2016	4	\$14,493,261,266	\$5,286,849,136	\$116,619,716	\$2,423,543,614	\$792,496,525	\$3,869,850,002	\$2,003,902,272
2017	1	\$15,136,246,232	\$5,476,418,504	\$105,881,101	\$2,589,198,923	\$800,973,066	\$4,229,206,771	\$1,934,567,868
2017	2	\$15,065,649,900	\$5,473,541,502	\$95,014,924	\$2,521,004,216	\$778,527,968	\$4,402,841,293	\$1,794,719,997
2017	3	\$13,940,796,476	\$4,851,474,886	\$101,535,850	\$2,367,675,600	\$755,113,266	\$4,246,894,178	\$1,618,102,696
2017	4	\$14,577,771,212	\$5,242,888,001	\$64,135,484	\$2,431,200,758	\$770,160,327	\$4,455,905,151	\$1,613,481,490
2018	1	\$15,008,474,745	\$5,272,599,522	\$83,101,892	\$2,387,940,230	\$768,174,174	\$4,929,546,395	\$1,567,112,531

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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	\$392,390	\$459,433	\$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	\$408,294	\$496,798	\$397,687	\$347,995	\$318,525	\$389,259	\$408,402
2014	2	\$424,124	\$515,816	\$384,330	\$356,020	\$332,961	\$413,280	\$422,993
2014	3	\$425,196	\$513,092	\$378,728	\$358,744	\$333,255	\$415,829	\$425,773
2014	4	\$428,365	\$522,659	\$410,414	\$364,845	\$330,073	\$412,039	\$425,963
2015	1	\$433,813	\$523,657	\$388,224	\$362,799	\$332,639	\$423,622	\$432,559
2015	2	\$449,718	\$560,917	\$399,064	\$368,395	\$350,609	\$434,540	\$433,337
2015	3	\$446,160	\$550,502	\$392,863	\$370,510	\$338,412	\$429,830	\$433,346
2015	4	\$459,671	\$558,137	\$422,049	\$380,061	\$352,403	\$440,125	\$447,071
2016	1	\$470,389	\$582,286	\$399,526	\$386,330	\$361,869	\$455,325	\$435,414
2016	2	\$475,083	\$581,398	\$422,628	\$393,436	\$371,660	\$463,931	\$442,966
2016	3	\$472,846	\$588,619	\$383,120	\$394,412	\$372,278	\$446,437	\$453,210
2016	4	\$477,207	\$591,040	\$407,761	\$398,806	\$378,461	\$455,437	\$448,100
2017	1	\$479,101	\$596,950	\$408,807	\$399,876	\$378,711	\$459,048	\$444,014
2017	2	\$488,875	\$604,945	\$384,676	\$405,046	\$379,770	\$477,687	\$445,229
2017	3	\$486,811	\$604,997	\$417,843	\$404,454	\$387,039	\$477,072	\$441,140
2017	4	\$484,295	\$595,106	\$400,847	\$408,537	\$377,160	\$473,629	\$432,569
2018	1	\$491,952	\$598,547	\$399,528	\$413,281	\$390,531	\$483,099	\$442,437

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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	69.5%	68.6%	65.1%	69.4%	71.3%	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%	68.0%	69.2%	69.6%	73.0%	71.5%
2016	2	69.7%	66.0%	67.8%	70.3%	71.4%	71.7%	71.3%
2016	3	69.3%	66.3%	64.2%	70.2%	71.0%	72.7%	71.2%
2016	4	69.3%	66.1%	66.9%	69.9%	70.1%	72.1%	70.5%
2017	1	69.5%	66.2%	67.7%	69.9%	70.5%	70.9%	71.5%
2017	2	69.0%	65.2%	67.1%	69.1%	70.0%	71.4%	70.9%
2017	3	68.6%	65.1%	66.0%	68.6%	70.4%	71.1%	70.6%
2017	4	67.7%	63.6%	64.0%	68.0%	70.2%	70.7%	69.7%
2018	1	68.3%	64.1%	66.3%	68.4%	68.8%	70.5%	72.0%

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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%	68.9%
2013	3	6.7%	5.3%	18.2%	3.1%	66.7%
2013	4	6.1%	5.8%	21.7%	3.8%	62.5%
2014	1	6.5%	5.6%	20.4%	4.6%	63.0%
2014	2	5.4%	5.4%	20.2%	4.4%	64.6%
2014	3	5.6%	5.4%	17.7%	5.8%	65.6%
2014	4	6.0%	5.5%	17.4%	5.2%	65.9%
2015	1	6.4%	4.7%	17.5%	5.6%	65.8%
2015	2	5.8%	4.9%	16.7%	4.5%	68.1%
2015	3	6.3%	4.2%	14.3%	7.0%	68.2%
2015	4	5.8%	3.7%	14.4%	6.3%	69.7%
2016	1	8.5%	3.5%	11.4%	5.4%	71.3%
2016	2	8.3%	3.5%	14.2%	4.1%	69.8%
2016	3	8.5%	2.7%	17.7%	2.9%	68.1%
2016	4	7.3%	2.6%	18.6%	3.6%	68.0%
2017	1	7.2%	2.9%	16.0%	6.2%	67.7%
2017	2	9.6%	2.6%	16.4%	5.1%	66.3%
2017	3	8.8%	2.1%	18.0%	4.8%	66.2%
2017	4	8.0%	1.7%	23.7%	2.3%	64.2%
2018	1	7.6%	1.2%	26.3%	2.5%	62.4%

CONTACT DETAILS

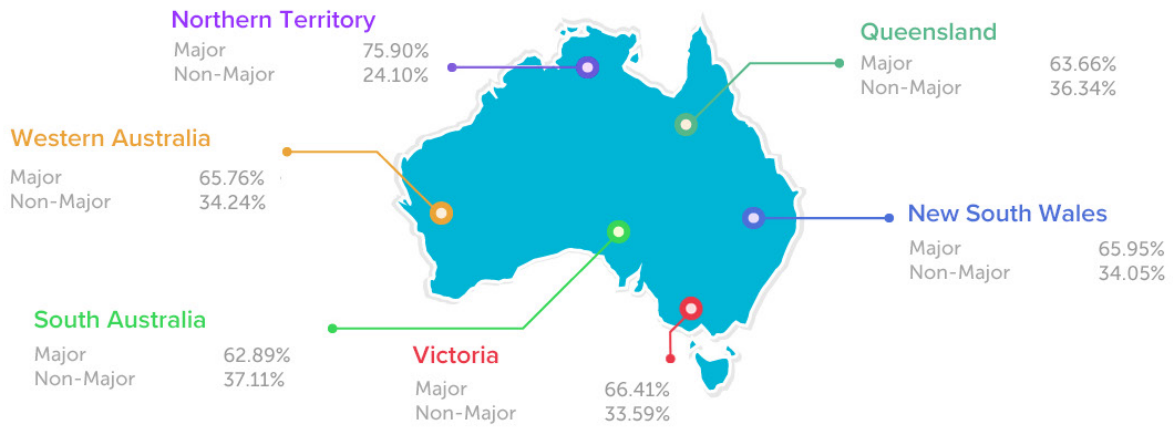
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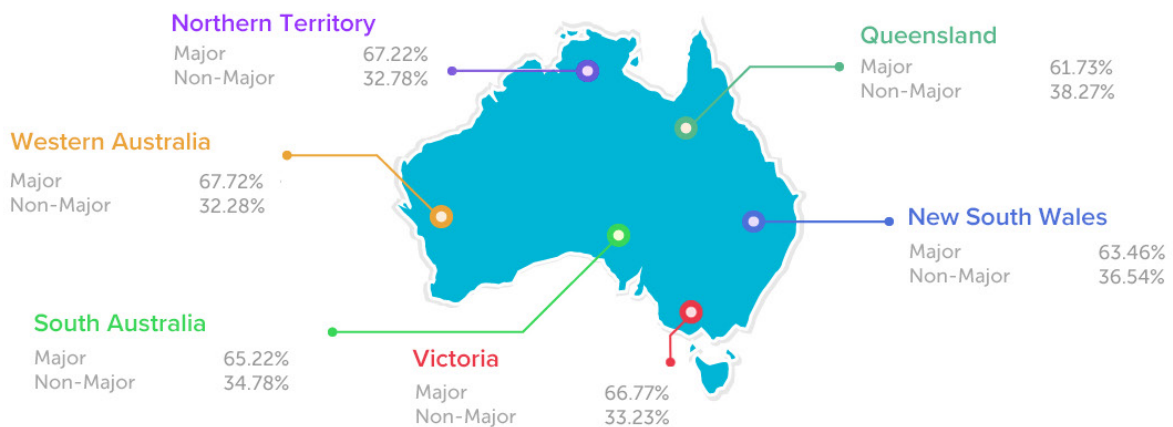
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MAJOR VS NON-MAJOR BY STATE

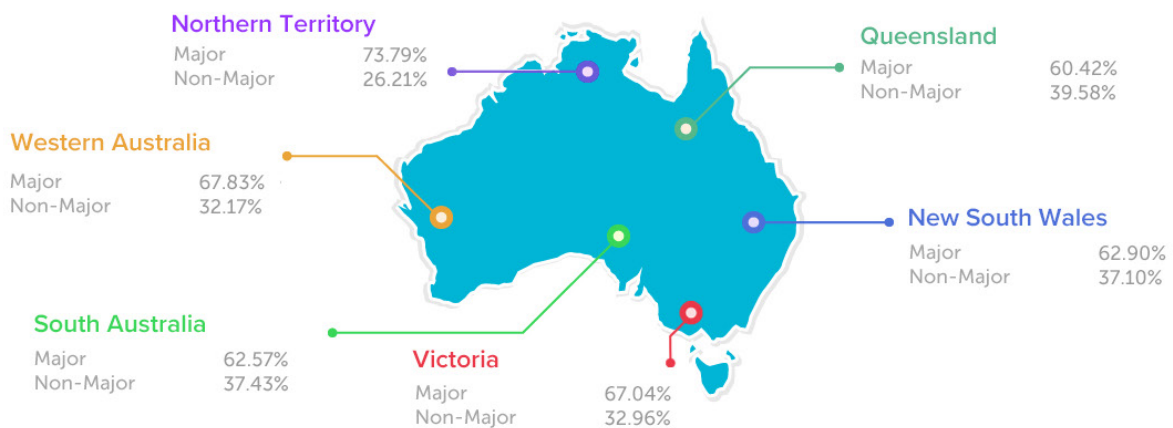
Financial Year: 2017 | Quarter 3



Financial Year: 2017 | Quarter 4



Financial Year: 2018 | Quarter 1



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