

28 June 2022

## Loan to valuation ratio – new commitments summary

### Key points for May 2022

- Total monthly new mortgage commitments were \$6.8b in May, up \$1.2b (20.4%) from last month (Figure 1). There is typically a seasonal increase in May – the seasonally adjusted series increased only 0.2% from last month<sup>1</sup> (Figure 2). In comparison to May 2021, total new commitments were down \$2.1b (23.6%).
- The value of new mortgage commitments to all borrower groups increased this month. A total of \$1.2b of new commitments were to first home buyers, an increase of 18.8% from last month, \$4.4b were to other owner occupiers, up 22.3% from last month, and \$1.1b were to investors, increasing 16.7% from last month.
- Annually new commitments to first home buyers decreased by the largest proportion of 29.3%. New commitments to other owner occupiers and investors decreased by 20.8% and 26.7%, respectively from May 2021 (Figure 3).
- The share of new mortgage commitments to first home buyers decreased slightly in May, from 18.5% in April to 18.2%, while the share of new commitments to other owner occupiers increased 1 percentage point from 63.2% to 64.2%. The share to investors decreased for the third consecutive month from 17.1% in April to 16.6% in May.
- The share of lending to first home buyers with high LVR (>80%) rose for the second consecutive month from 26.7% in April to 34.2% in May. This is slightly less than the share in May 2021 of 37.7%. The share of lending to other owner occupiers with high LVR (>80%) was unchanged at 3.4%, while the share of lending to investors with high LVR (>60%) increased from 30.1% to 34.4% (Figure 4). All percentages are before exemptions.
- The average value of new mortgage commitments across all borrower types was \$408,375 in May 2022. This rise continues the increasing trend over time, an increase of 0.5% from last month and 24.1% from the same period last year.
- There were 16,693 new mortgage commitments this month, an increase of 19.8% from last month. This is the second-lowest number of commitments during May since data collection began. Only May 2020 had a lower number of commitments (15,692) amid the context of the COVID-19 Alert Level 3 and Alert Level 2 restrictions.

1. Seasonal adjustment conducted using X13 method.

Figure 1: Total monthly value of new mortgage commitments before exemptions

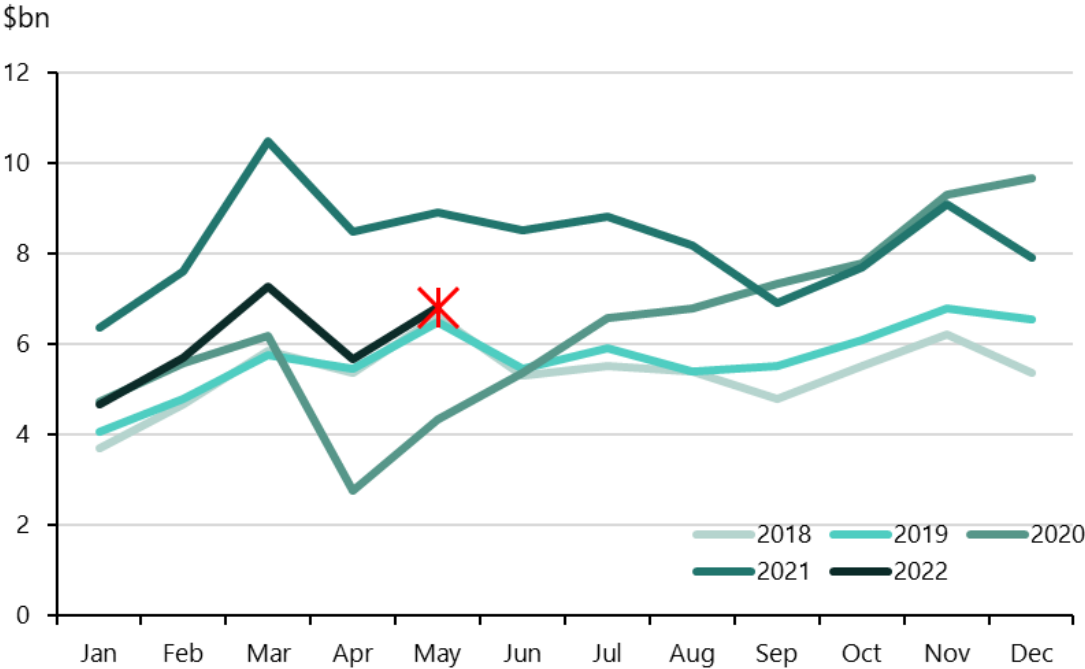


Figure 2: Seasonally adjusted total new commitments



Figure 3: Annual growth in new mortgage commitments by borrower type

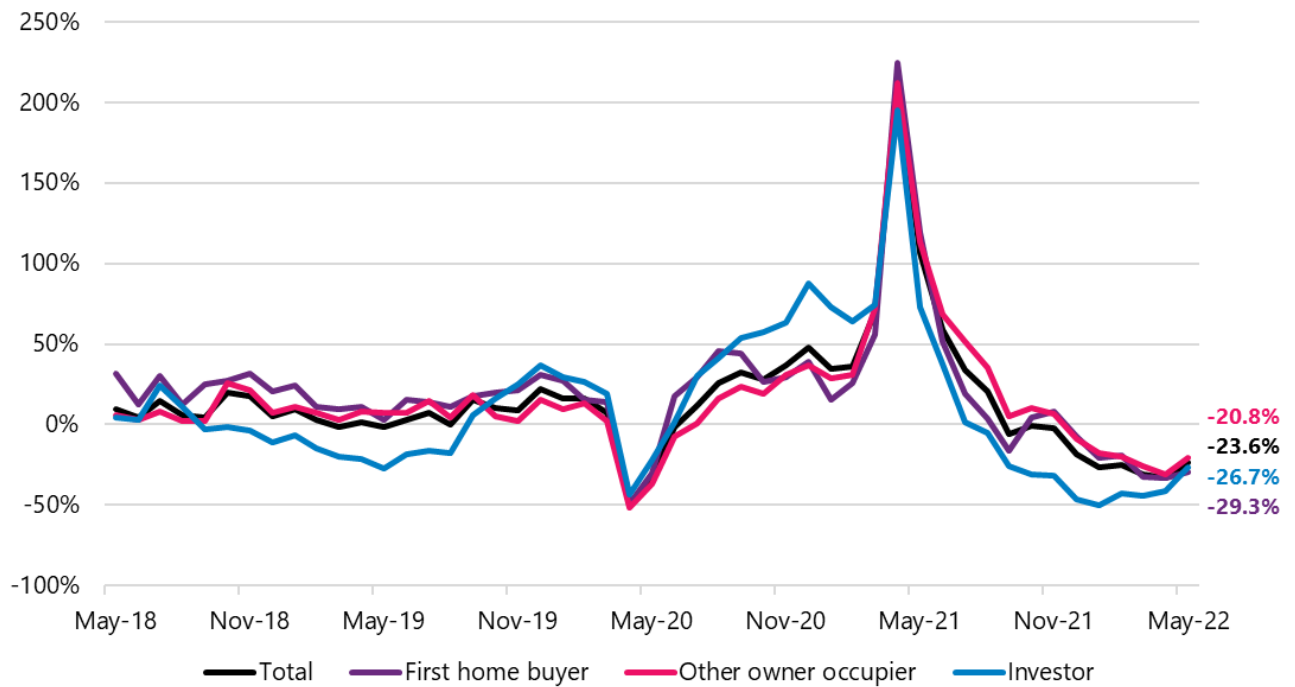


Figure 4: Share of high LVR lending for each borrower type

