

25 May 2022

Loan to valuation ratio – new commitments summary

Key points for April 2022

- Total monthly new mortgage commitments were \$5.7b in April, down \$1.6b (22.1%) from last month (Figure 1). A total of \$1.0b of new commitments were to first home buyers, \$3.6b were to other owner occupiers, \$1.0b were to investors, and \$0.1b were for business purposes.
- The value of new mortgage commitments to all four borrower groups decreased this month. New commitments to first home buyers saw the smallest percentage decrease over the month, down 12.9%. New commitments to other owner occupiers and investors were down 23.9% and 24.3% respectively.
- The share of new mortgage commitments to first home buyers rose 2.0 percentage points to 18.5% in April. This share had decreased for three consecutive months from a peak of 19.7% in December 2021. The share of new commitments to other owner occupiers fell 1.5 percentage points to 63.2% in April while the share to investors fell 0.5 percentage points to 17.1%.
- In comparison to April 2021, total new commitments were down \$2.8b (33.2%). New commitments to investors decreased by the largest proportion of 41.4% annually. New mortgage commitments to first home buyers decreased by 33.6% and new commitments to other owner occupiers decreased 31.0% (Figure 2).
- First home buyers with high LVR (>80%) rose from a record-low of 18.9% in March to 26.7% in April. Other owner occupiers with high LVR (>80%) rose from 2.9% to 3.4%, making April 2022 the third consecutive month with an increase. The share of new mortgage commitments to investors with high LVR (>60%) decreased from 32.1% to 30.1% (Figure 3). All percentages are before exemptions.
- The average value of new mortgage commitments across all borrower types was \$406,342 in April 2022. This rise continued the increasing trend over time and it is the first time the average value has been over \$400,000.
- There were 13,939 new mortgage commitments this month. This is the third-lowest number of commitments in a month since the data collection began. Lower monthly numbers of new commitments were recorded in April 2020 (amid COVID-19 Alert Level 4 restrictions) and January 2022.

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

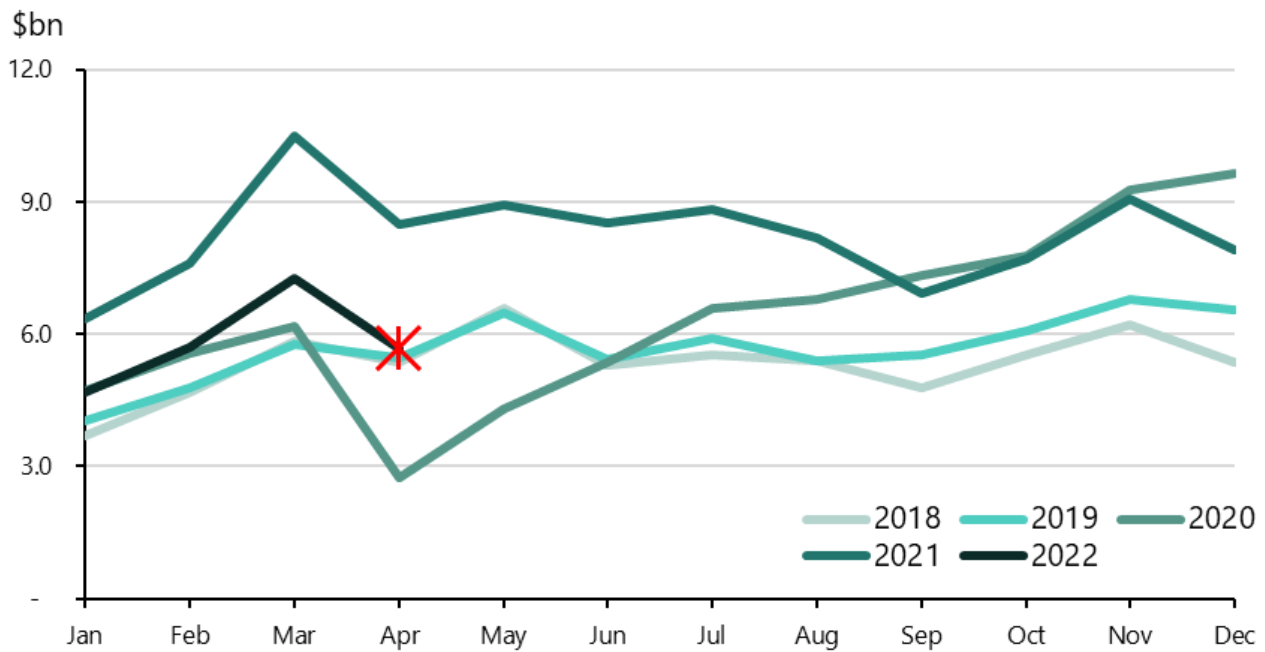


Figure 2: Annual growth in new mortgage commitments by borrower type

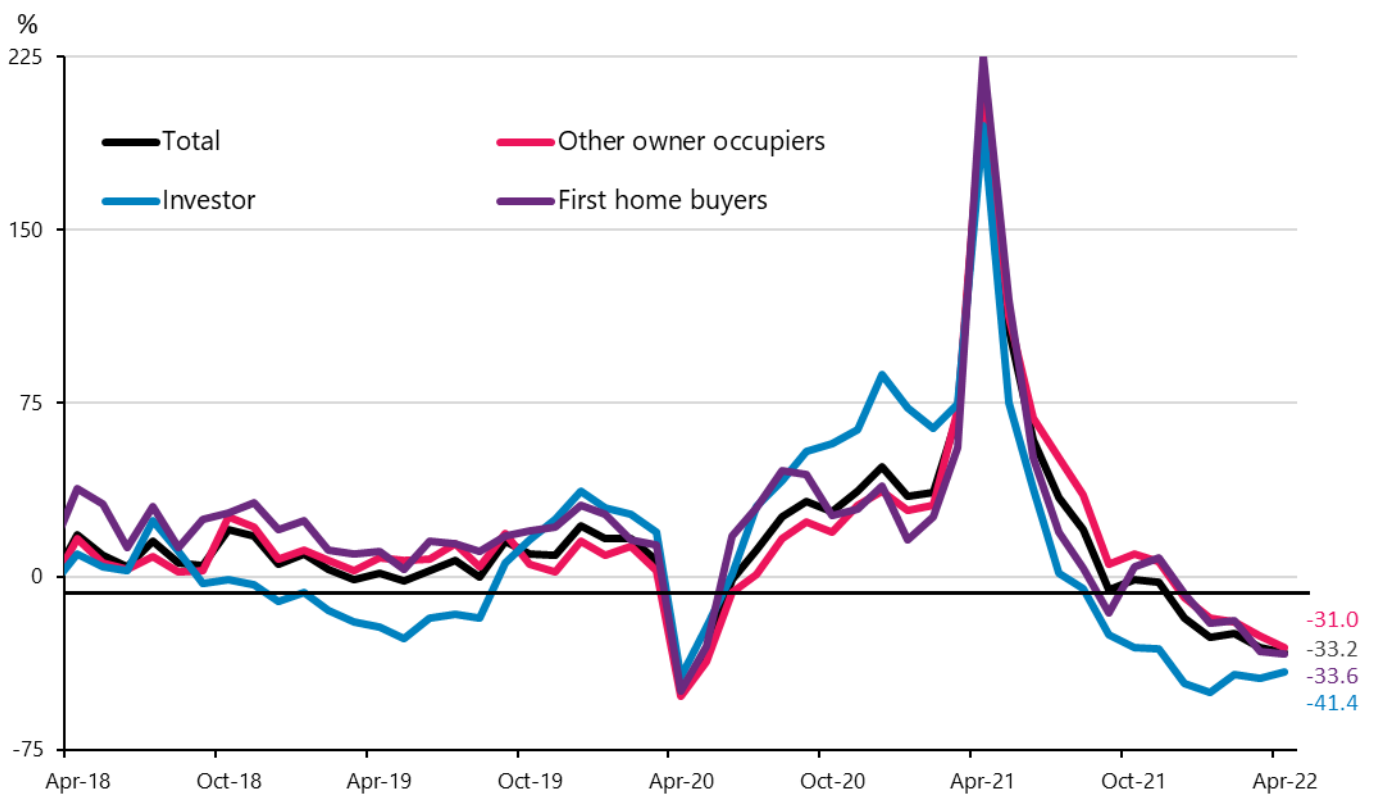


Figure 3: Share of high LVR lending for each borrower type

