

24 August 2022

Loan to valuation ratio – new commitments summary

Key points for July 2022

- Total monthly new mortgage commitments were \$5.4b in July, down \$0.7b (10.8%) from last month (Figure 1). The seasonally adjusted series decreased 8.5% from last month¹ (Figure 2). In comparison to July 2021, total new commitments were down \$3.4b (38.7%).
- The value of new mortgage commitments to all borrower groups decreased this month. A total of \$1.0b of new commitments were to first home buyers, a decrease of 8.0% from last month, \$3.5b were to other owner occupiers, down 9.2% from last month, and \$0.9b were to investors, down 19.1% from last month.
- Annually, new commitments to investors decreased by the largest proportion of 41.9%. New commitments to first home buyers and other owner occupiers decreased by 36.4% and 38.7%, respectively, from July 2021 (Figure 3).
- The share of new mortgage commitments to first home buyers increased slightly, from 18.3% in June to 18.9% in July, while the share of new commitments to other owner occupiers increased from 63.1% to 64.3%. The share to investors decreased from 17.4% in June to 15.8% in July, the lowest investor share recorded since data collection began in 2014.
- The share of lending to first home buyers with high LVR (>80%) increased slightly from 28.8% in June to 29.2% in July. The share of lending to other owner occupiers with high LVR (>80%) decreased from 3.7% in June to 3.4% in July, while the share of lending to investors with high LVR (>60%) increased from 31.0% to 35.8% (Figure 4). All percentages are before exemptions.
- The average value of new mortgage commitments across all borrower types fell 6.4% from \$405,029 in June to \$379,061 in July. This is the largest monthly decrease since June 2020. The average value increased 14.2% in the year from July 2021.
- There were 14,251 new mortgage commitments this month, a decrease of 4.7% from last month, and a decrease of 46.4% since July 2021. This is the lowest number of commitments for a July month since data collection began in late 2013.

1. Seasonal adjustment conducted using X13 method.

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

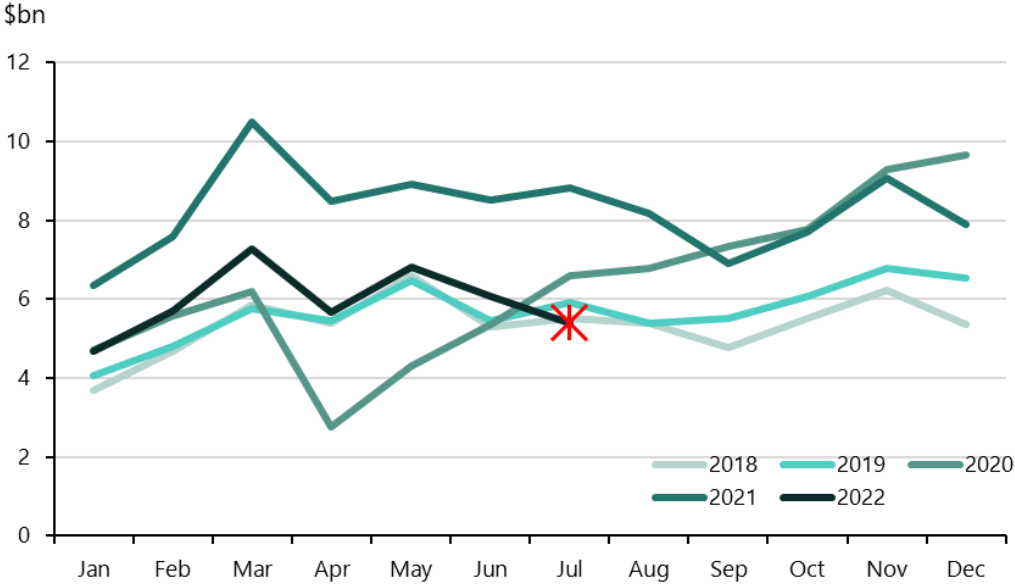


Figure 2: Seasonally adjusted total new mortgage commitments value

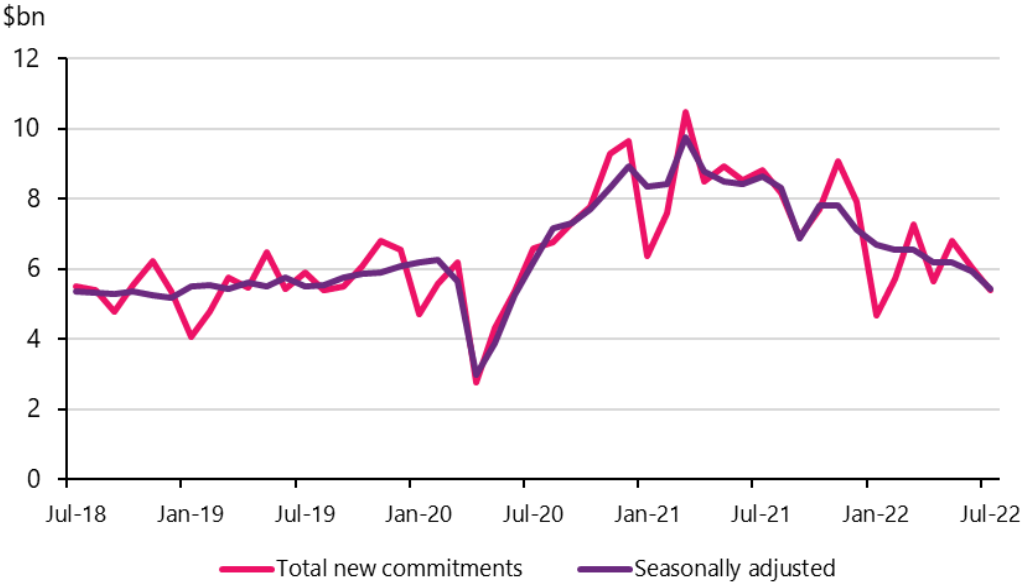


Figure 3: Annual growth in new mortgage commitments by borrower type

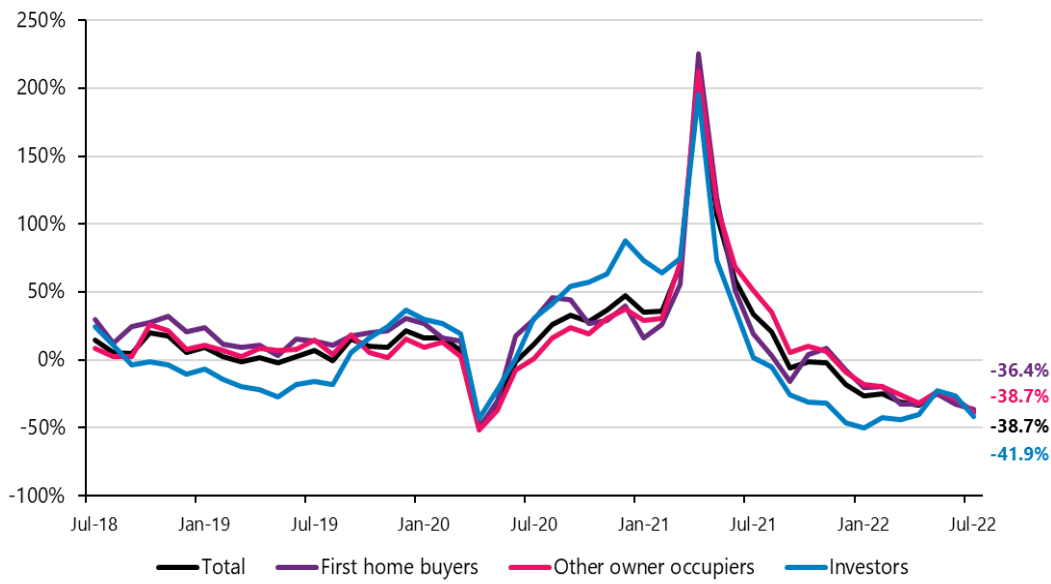


Figure 4: Share of high LVR lending for each borrower type

