

24 November 2022

Loan to valuation ratio – new commitments summary

Key points for October 2022

- Total monthly new mortgage commitments were \$5.6b in October, up \$0.5b (8.8%) from last month (Figure 1). The seasonally adjusted series increased 6.2% from last month¹ (Figure 2). In comparison to October 2021, total new commitments were down \$2.1b (27.6%).
- A total of \$1.2b of new commitments were to first home buyers, an increase of 14.5% from last month, \$3.4b were to other owner occupiers, up 5.4% from last month, and \$0.9b were to investors, up 12.4% from last month.
- Annually, new commitments to other owner occupiers decreased by the largest proportion of 30.8%, followed closely by new commitments to investors which decreased 30.4%. Meanwhile, new commitments to first home buyers decreased only 16.1% from October 2021 (Figure 3).
- The share of new mortgage commitments to first home buyers increased to a record high of 21.8%, a full percentage point higher than the previous record high of 20.8% recorded in August of this year. The share of new commitments to other owner occupiers decreased from 62.5% to 60.5%. The share to investors increased from 15.8% in September to 16.3%.
- The share of lending to first home buyers with high LVR (>80%) decreased from 32.8% in September to 31.3% in October. Meanwhile, the share of lending to other owner occupiers with high LVR (>80%) remained unchanged at 3.3%, and the share of lending to investors with high LVR (>60%) increased from 34.7% to 35.8% (Figure 4). All percentages are before exemptions.
- The average value of new mortgage commitments across all borrower types rose this month, following four consecutive monthly decreases, up 4.9% from \$352,243 in September to \$369,626 in October. The average loan size across all borrower types was up only 0.1% annually.
- There were 15,118 new mortgage commitments in October, up 3.7% from 14,578 in September. Compared with October 2021, the number of new mortgage commitments were down 27.7% from 20,905. October 2022 had the lowest number of commitments for a month of October 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

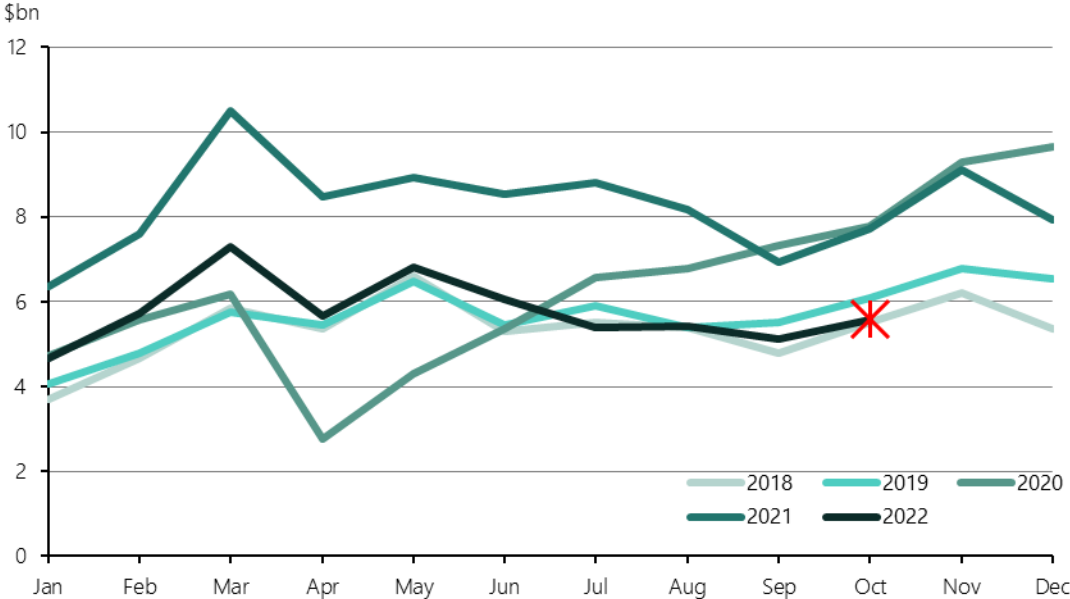


Figure 2: Seasonally adjusted total new mortgage commitments value



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

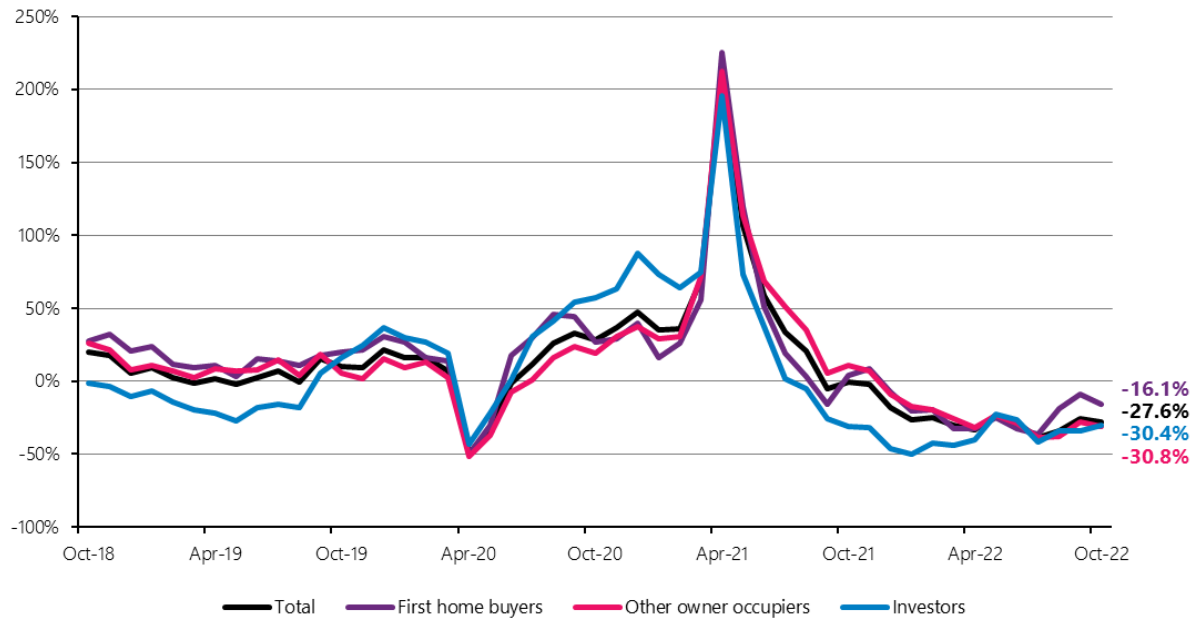


Figure 4: Share of high LVR lending for each borrower type

