

16 February 2024

## Debt to Income Summary

### Key Points for December 2023

- Total new mortgage commitments in Q4 2023 were \$17.6bn, up from \$16.0bn in Q3 2023. Compared with the same period last year, new commitments rose from \$16.8bn in Q4 2022.
- The number of new mortgage commitments was up 5.1% annually to 48,453 in Q4 2023, compared with 46,081 in Q4 2022.
- In December 2023, 29.6% of new mortgage commitments were with DTI > 5<sup>1</sup>. This is the lowest share since the data collection began.
- For first home buyers (FHB), 24.0% of the value of new mortgage commitments had DTI > 5 in December. This is also the lowest share since the data collection began. This share has fallen from 35.3% in December 2022.
- The share of new commitments to other owner occupiers with investment collateral with DTI > 5 was also the lowest since the data collection began in December 2023, at 45.2% (Figure 1). The share of new commitments to investors with DTI > 5 reached a low this quarter also, at 39.4% in October 2023, but subsequently rose to 42.4% in December 2023.
- The share of new commitments to other owner occupiers without investment collateral with DTI > 5 rose between September and December 2023, up 1.3 percentage points to 22.4%, previously at a low of 21.1% in September 2023.
- The monthly share of new mortgage commitments with DTI > 7 was 6.1% in December 2023, up from a record low of 5.2% in September. The highest share in this series was recorded in January 2021, when 26.5% of new commitments were with DTI > 7.
- The share of new commitments with DTI > 7 rose between September and December for all borrower groups except investors (Figure 2). The lowest share of new investor lending with DTI > 7 occurred during this quarter, at 8.6% in October 2023.
- The average gross income for first home buyers was \$151.2K in December, up 3.6% annually from \$146.0K in December 2022<sup>2</sup>. The average gross income for other owner occupiers without investment property collateral (OOO without investment) increased by 6.8% over the same one-year period to \$206.6K, up from \$193.4K. Borrower gross income is the amount a bank is prepared to count in its servicing analysis and can include the income of more than one person.
- The quarterly share of lending to first home buyers with DTI > 5 and LVR > 80% decreased annually to 6.9% in Q4 2023, down from 11.2% in Q4 2022. The share of lending to other owner occupiers without investment property collateral with DTI > 5 and LVR > 80% decreased annually to 0.9%, down from 1.9% in Q4 2022.

<sup>1</sup> All shares are calculated by grouping DTI unknown with DTI > 10.

<sup>2</sup> We use unrounded figures for our calculations.

Figure 1: Share of new commitments to each borrower type with DTI > 5

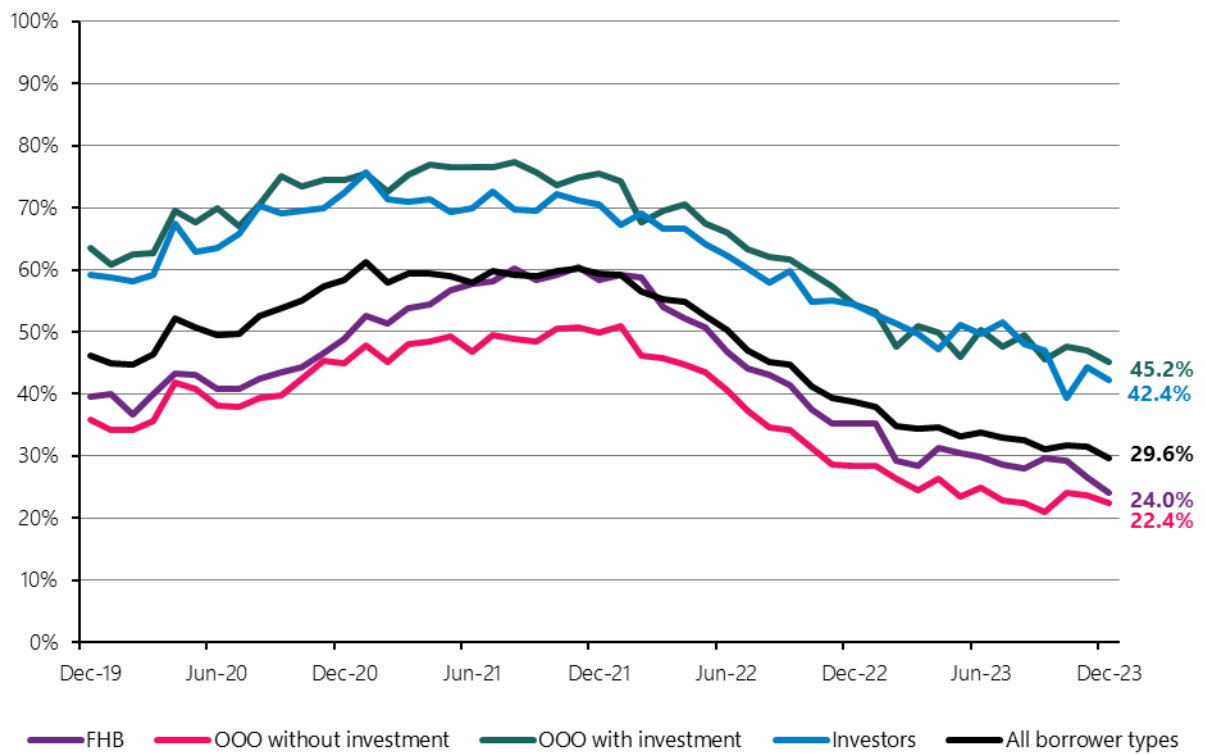


Figure 2: Share of new commitments to each borrower type with DTI > 7

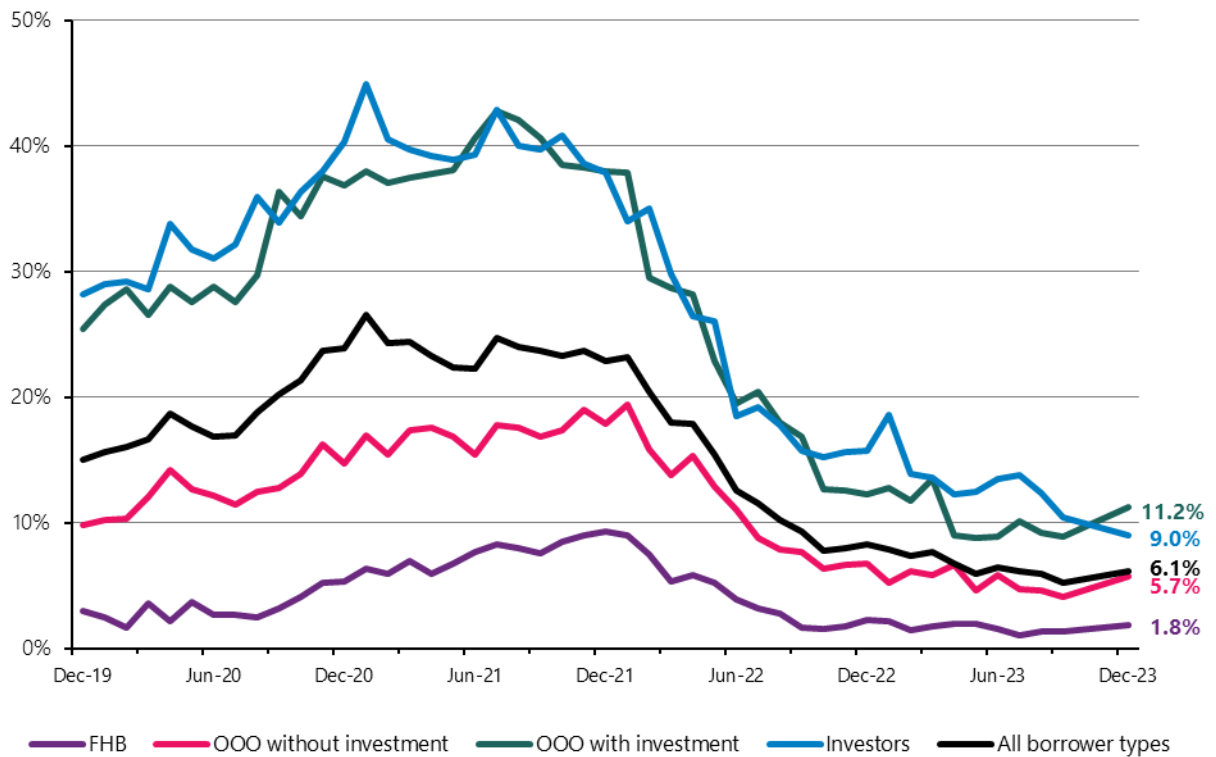


Figure 3: Average borrower gross income

