

26 August 2024

Debt to Income Summary

Key Points for July 2024

- Total monthly new mortgage commitments were \$6.7bn in July-24, up 18.4 per cent from \$5.6bn in June-24 (Figure 1). The total monthly value of new commitments has increased by 33.1 per cent when compared to July-23.
- There were 17,442 new mortgage commitments this month, up 19.6 per cent from 14,590 in June-24. In comparison to July-23, the number of new mortgage commitments has increased by 26.4 per cent from 13,795.
- In July-24, 25.8 per cent of new mortgage commitments were with DTI > 5.¹ This overall share appears to have trended downward annually with a value of 33.0 per cent in July-23 and 47.1 per cent in July-22.
- In July-24, 16.7 per cent of the total new mortgage commitments for first home buyers (FHB) had a DTI > 5. Compared to July-23 with a share for FHB of 28.6 per cent, this is an annual decrease of 11.9 per cent.
- The share of total new commitments to other owner occupiers with investment collateral with DTI > 5 was 38.9 per cent in July-24. This share is also down annually when compared to July-23 with share of 47.7 per cent and July-22 with a share of 63.3 per cent (Figure 2).
- The share of new commitments to other owner occupiers without investment collateral with DTI > 5 fell by 0.9 percentage points this month to 17.3 per cent. This is a large drop when compared to July-23 where the share was 22.8 per cent.
- The monthly share of new mortgage commitments with DTI > 7 was 3.9 per cent in July-24, down from 5.7 per cent in June-24. This share is down on July-23 and July-22 where the shares were 6.2 and 11.6 per cent respectively.
- The share of new commitments with DTI > 7 fell this month for all borrower types (Figure 3). With the largest decrease being for Investors which fell 2.8 percentage points from a share of 8.1 per cent in June-24.
- 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 average gross income for FHB was \$151,426 in July-24, down 1.9 per cent from June-24.² The average gross income for other owner occupiers without investment property collateral (OOO without investment) is \$204,238 which is a 2.6 per cent decrease from June-24. Average gross income for investors was \$299,263 which is a 5.6 per cent decrease from June-24 (Figure 4).
- The monthly share of lending to FHB with DTI > 5 and LVR > 80 per cent was 4.4 per cent for July-24, down from 5.4 per cent in July. The share of lending to OOO without investment with

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

² Unrounded figures are used in these calculations.

DTI > 5 and LVR > 80 per cent increased marginally to 1.1 per cent up from 0.8 per cent in June-24.

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

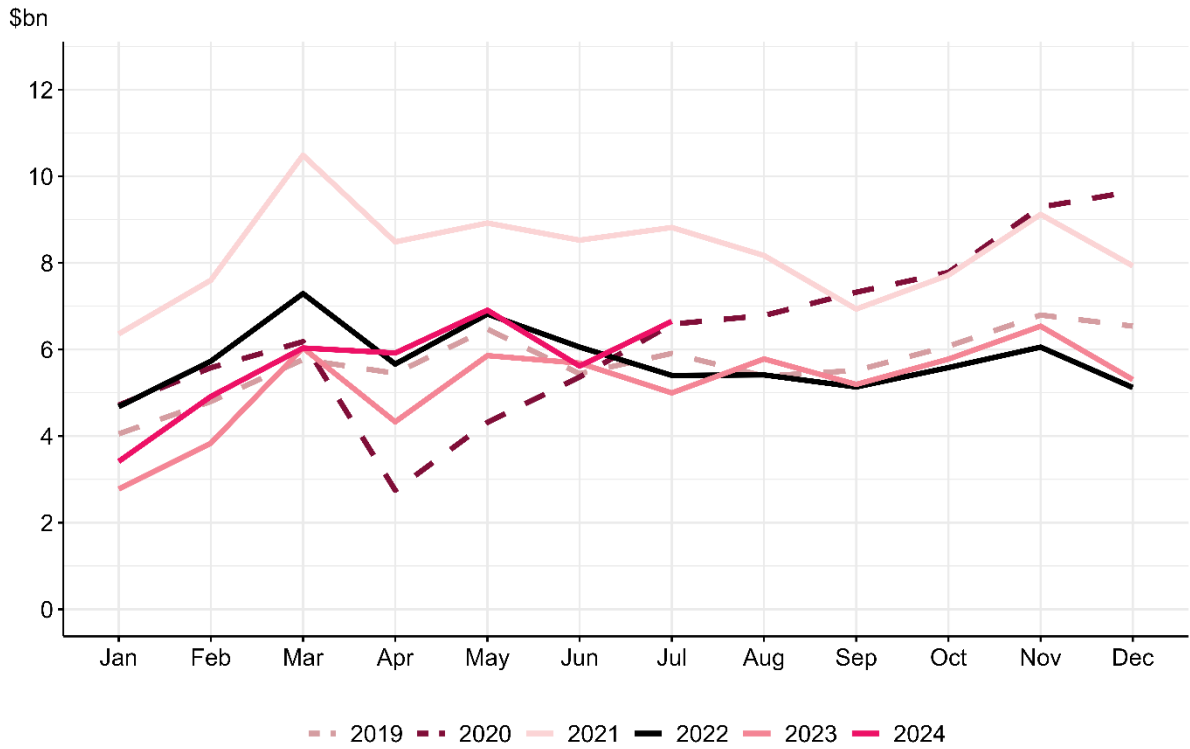


Figure 2: Share of new commitments to each borrower type with DTI > 5

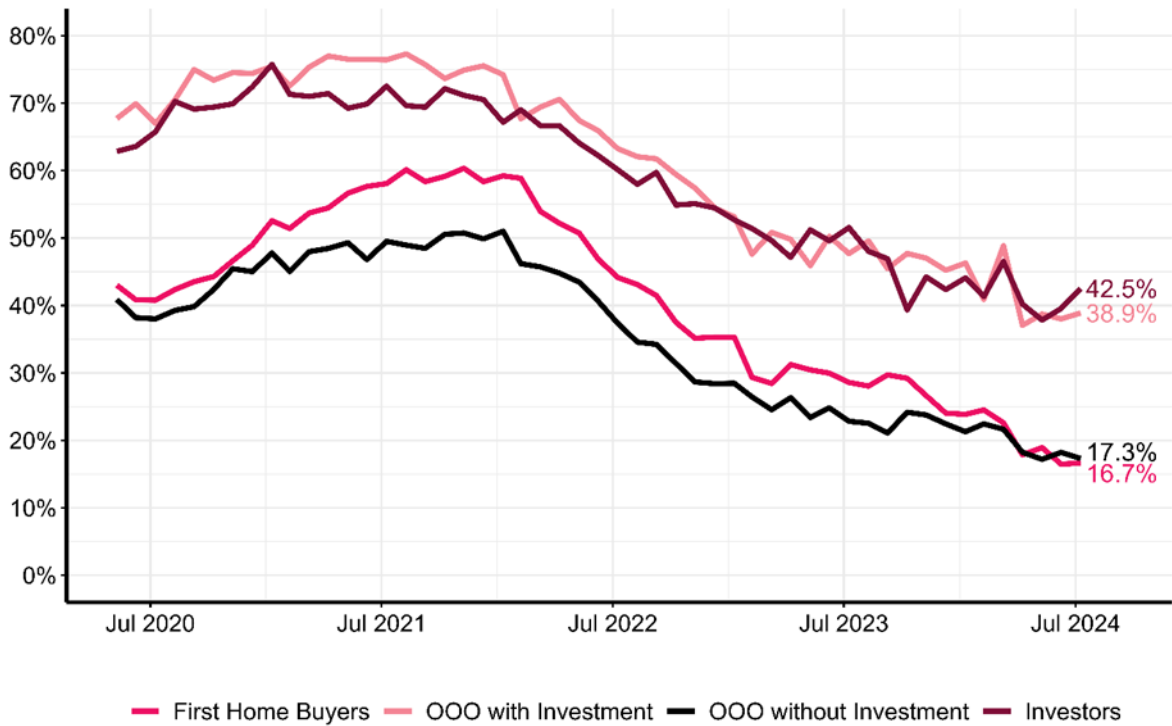


Figure 3: Share of new commitments to each borrower type with DTI > 7



Figure 4: Average borrower gross income

