

Cash Purchases

Unencumbered Property Purchases in Australia

JUNE 2023



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This report highlights residential property transactions that were funded with cash. That is, residential properties purchased without a home loan. We reveal the regions, property types and price points where cash purchases were most common, and provide a profile of cash buyers. This important analysis sheds light on an overlooked sector of the property market. Whilst there is regular reporting on housing finance, few reports provide information on cash purchases and their bearing on the overall property market.

Our analysis focusses on residential property purchases in the eastern states of New South Wales, Victoria and Queensland over the period January 2019 to March 2023, using settlement data collected via the PEXA digital property exchange. Data has been analysed at a postcode level with only postcodes exhibiting more than 20 settlements per year shown.

DEFINITION OF CASH PURCHASE:

PEXA captures the source of funds used to purchase a property at settlement. A cash purchase is where the purchase was funded with cash (we have ignored cash deposits on property purchases that were funded with a home loan). Cash purchases do not contain any loans from Australian lenders and no mortgage was registered on the property title at settlement.

It should be noted that in some instances buyers may have used existing loan facilities to purchase the property with cash. Examples of this include buyers drawing down funds using equity in other properties or overseas buyers using a loan from a foreign lender not appearing on the property title.

Non-monetary settlements such as gifts have been excluded from our analysis, as has all commercial properties.



Key Findings

\$122.5B worth of residential property was purchased with cash in calendar year 2022 across the eastern states.

This was similar to 2021 (\$124.8B), but up 46.5% compared to 2020¹ (\$83.6B). NSW recorded the highest total value of cash purchases at \$50.4B in 2022.



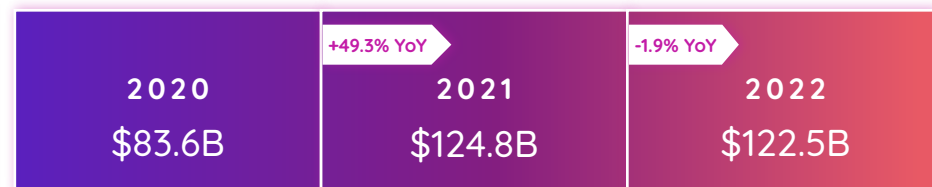
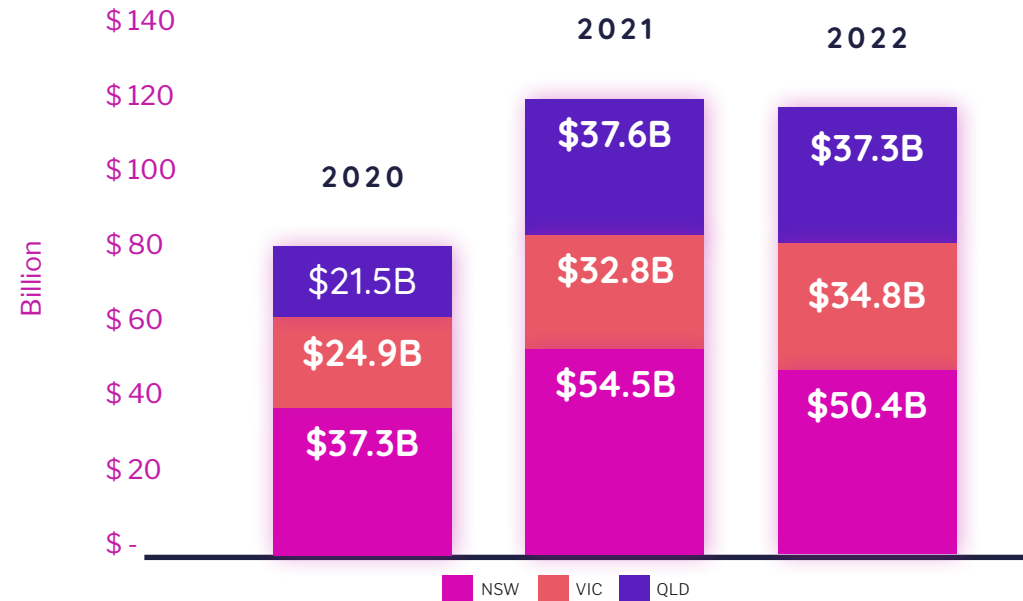
DID YOU KNOW?
 The total value of residential sale settlements in 2022 in the eastern states, was \$478.6B. 25.6% of this was funded with cash.



¹ Cash purchases settled digitally via PEXA

Source: PEXA

Total value of cash purchases



Key Findings

Cash purchases made up a significant proportion of overall residential sale settlements. It was highest in QLD at **26.7%** in 2022.

Dwellings (houses and units) were the most popular property type with cash buyers across all states followed by vacant land. The median value of cash purchases for overall dwellings was **highest in NSW at \$850,000 in 2022.**

	Cash purchases as a percentage of overall sale settlements (CY22)	Median value of cash purchases for all dwellings (CY22)	Median value of cash purchases for vacant land (CY22)
NSW	24.8%	\$850,000	\$330,000
VIC	21.3%	\$720,000	\$284,000
QLD	26.7%	\$595,000	\$240,000



1 Postcodes ranked by cash purchases as a percentage of overall sale settlements in CY22

2 Postcodes ranked by value of cash purchases in CY22

Source: PEXA, ABS

A high proportion of cash purchases were in regional postcodes. **65.2%** of QLD cash purchases in 2022 were in regional areas, as were **56.3%** in NSW. According to 2021 Census, these areas have a higher median age compared to the rest of the state. Taken together, this suggests that cash purchasers were often older Australians moving to the country to retire.

The highest value of cash purchases was concentrated in urban centres. Postcode **4218 (Broadbeach) in QLD** topped the eastern states with \$1.33B spent on cash purchases in 2022 alone. Blue chip metropolitan postcodes **2088 (Mosman)** and **3142 (Toorak)** topped the rankings in Sydney and Melbourne respectively.

	Top-3 postcodes: Cash purchases % ¹	Top-3 postcodes: by value of cash purchases ²
NSW	2371 (EMMAVILLE) 73.3%	2088 (MOSMAN) \$725M
	2422 (GLOUCESTER) 65.2%	2000 (SYDNEY) \$717M
	2469 (WOOMBAH) 62.5%	2027 (DARLING POINT) \$596M
VIC	3971 (YARRAM) 58.5%	3142 (TOORAK) \$893M
	3880 (PAYNESVILLE) 57.1%	3000 (MELBOURNE) \$711M
	3904 (METUNG) 56.9%	3186 (BRIGHTON) \$668M
QLD	4421 (TARA) 78.4%	4218 (BROADBEACH) \$1.33B
	4184 (RUSSELL ISLAND) 76.4%	4217 (SURFERS PARADISE) \$1.27B
	4671 (GIN GIN) 71.9%	4655 (URUNGAN) \$686M

Purchases that do not require a loan are significant for property markets and for property-related policy

The proportion of properties purchased without a direct Australian loan is relatively high, at **21% to 26% in 2022**. This large pool of cash buyers reflects - but does not exactly match - the high proportion of Australian households who own their own home and/or an investment property with no mortgage against it.

In the 2021 Census:

- > **31.0%** of homes were owner-occupied with no mortgage; and
- > **30.6%** of dwellings were owned as investments and rented out, with or without a loan attached directly to the investment dwelling.



This high degree of activity by cash buyers in the property market is significant for a number of reasons.

Cash buyers are:

Not restricted by bank financing considerations regarding the type of property they buy, its size, its location, or its risks. For example, mortgage finance and insurance can be harder to obtain for some types of property title (e.g. shared-title or leaseholds), very small apartments and/or for homes in high-risk locations;

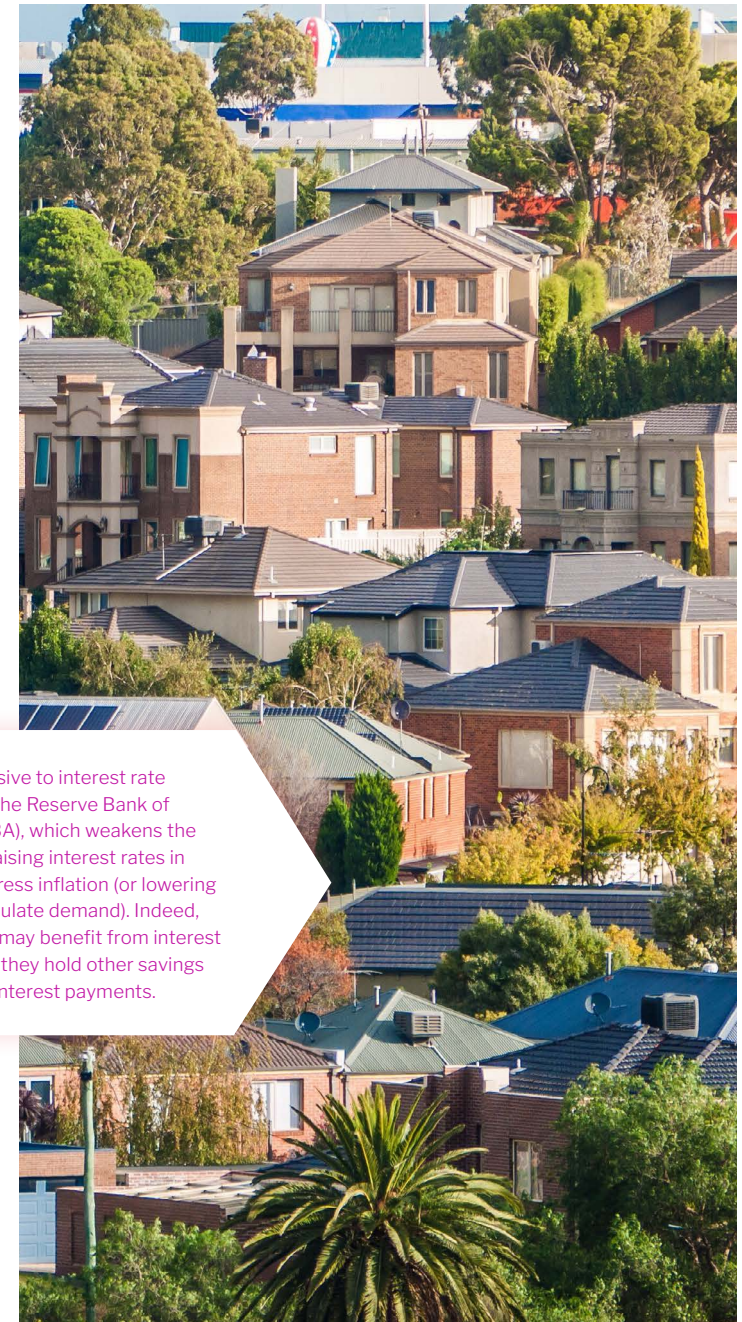
Less directly affected by interest rates and other mortgage costs;

Less responsive to interest rate changes by the Reserve Bank of Australia (RBA), which weakens the efficacy of raising interest rates in order to address inflation (or lowering them to stimulate demand). Indeed, cash buyers may benefit from interest rates rises if they hold other savings that attract interest payments.

The demographic profile of cash buyers is different to mortgagee buyers. They are older, more likely to be buying in regional locations and more likely to have an international background or connection. This can raise issues about the inter-generational equity impacts of housing affordability, credit availability and credit costs, particularly in the context of rising home prices and rising interest rates.

Julie Toth, Chief Economist at PEXA

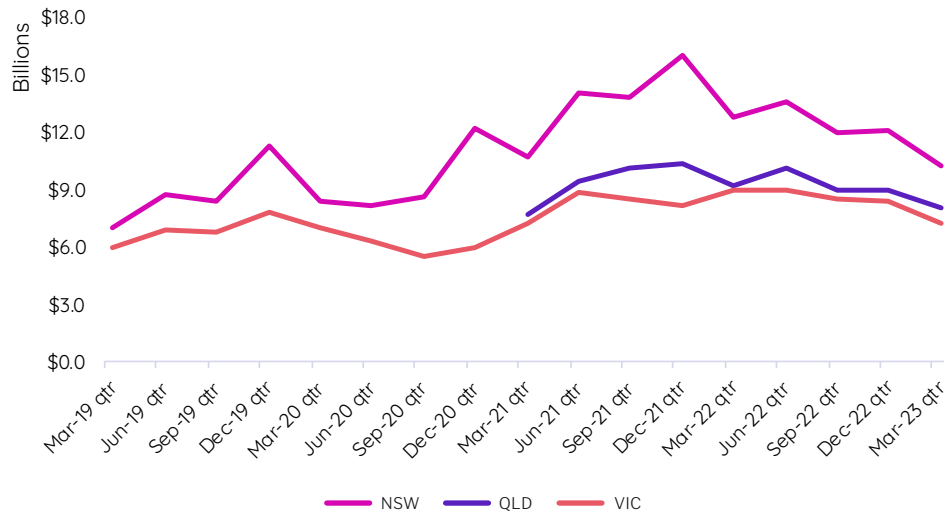
Source: PEXA, ABS



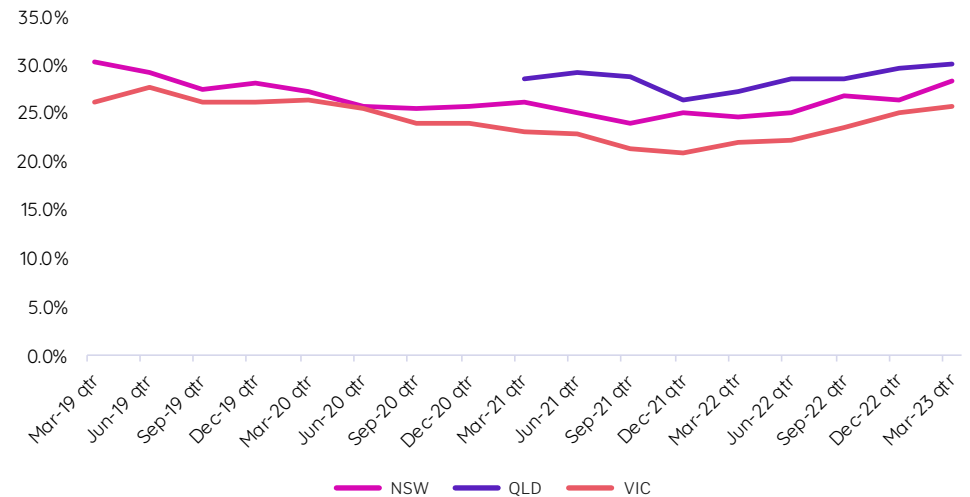
Around 25% of the overall value of residential sale settlements was funded without a mortgage

Over \$25B of property was purchased with cash in the eastern states in Mar-23 Qtr alone

Total value of residential cash purchases



Cash purchases as % of overall residential sale settlements value



The value of residential property purchased with cash trended upwards during the pandemic property boom in the eastern states. It has since stabilised at higher levels compared to pre-COVID. A greater total value of settlements were funded with cash in NSW, with QLD narrowly ahead of VIC. The most recent Mar-23 Qtr saw declines in the value of cash purchases across all states, however this reflects a broader trend in the property market, with settlement volumes well down across the board.

The proportion of cash purchases as a percentage of overall residential property by value, has hovered around 25% over the past 5 years. It was highest in QLD, where 31.0% of the total value of residential sale settlements were funded with cash in Mar-23 Qtr.

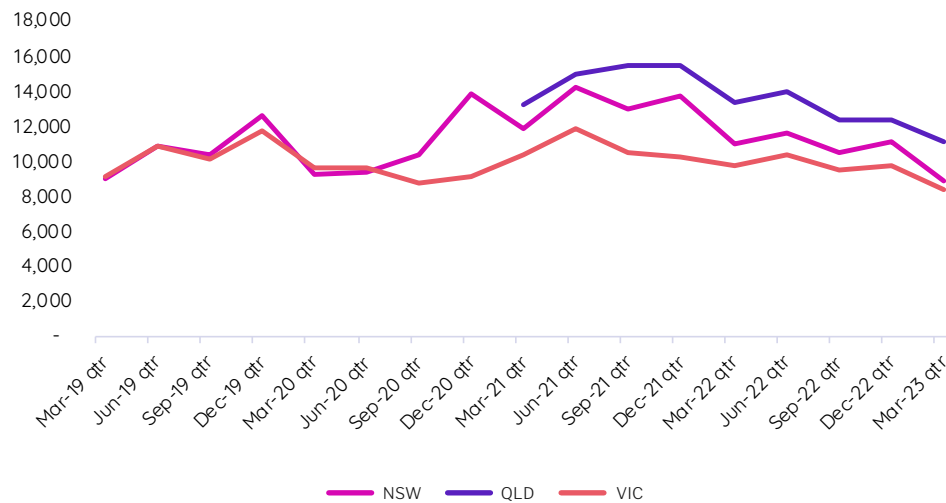
NOTE: QLD data only available from 2021 onwards

Source: PEXA

The number of properties purchased with cash was highest in QLD

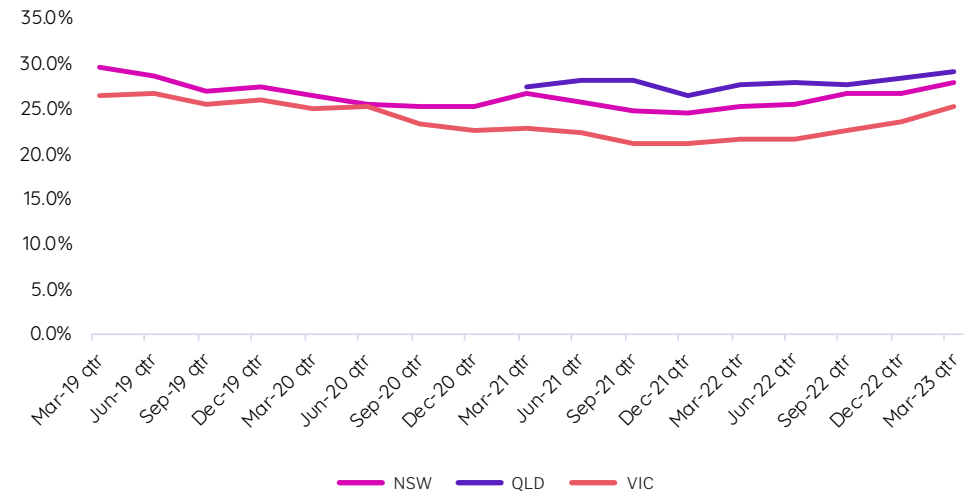
In the most recent Mar-23 Qtr, over 11K residential properties were bought with cash in QLD

Total volume of residential cash purchases



QLD outpaced its larger southern neighbours and recorded the highest volume of cash purchases in recent years. VIC saw less cash purchases than the other eastern states, with 8.3K in the Mar-23 Qtr behind QLD with 11.1K and 8.9K in NSW.

Cash purchases as % of overall residential sale settlements volume



Cash purchases in QLD also made up the highest percentage of overall sale settlements by volume across the eastern states, with 29.1% in the Mar-23 Qtr.

NOTE: QLD data only available from 2021 onwards

Source: PEXA

Over 85% of cash purchases in NSW were dwellings



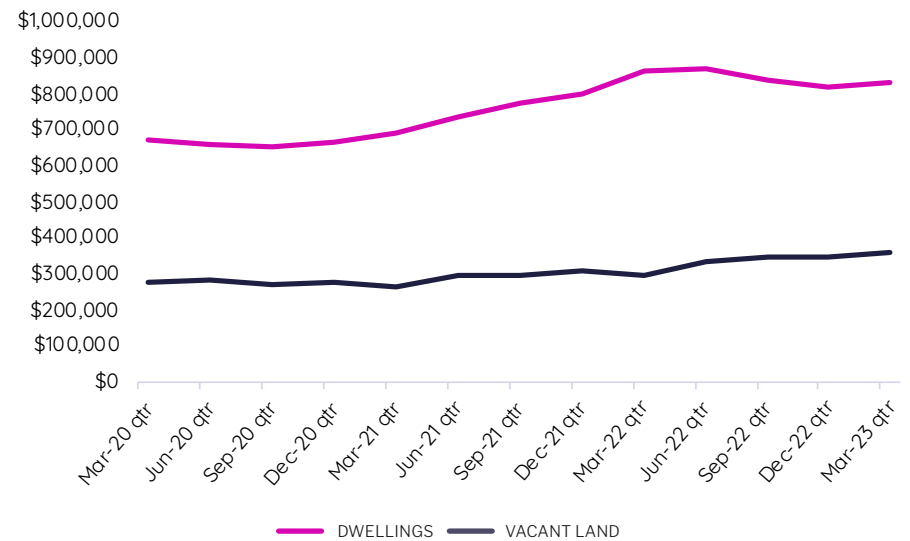
The median value of these cash purchases had trended upwards in line with rising property prices

NSW: Proportion of cash purchases by property type (by volume)



Majority of cash purchases in NSW were for dwellings, which has been the case in each quarter since Mar-20.

NSW: Median value of cash purchases by property type



The median value of established property purchased with cash has trended upwards since 2020, reaching \$900K in Mar-22 Qtr and remaining fairly steady since then. The median value of vacant land was at \$360K in the Mar-23 Qtr. Increases in the median value of cash purchases were consistent with property price movements over the 3-year period

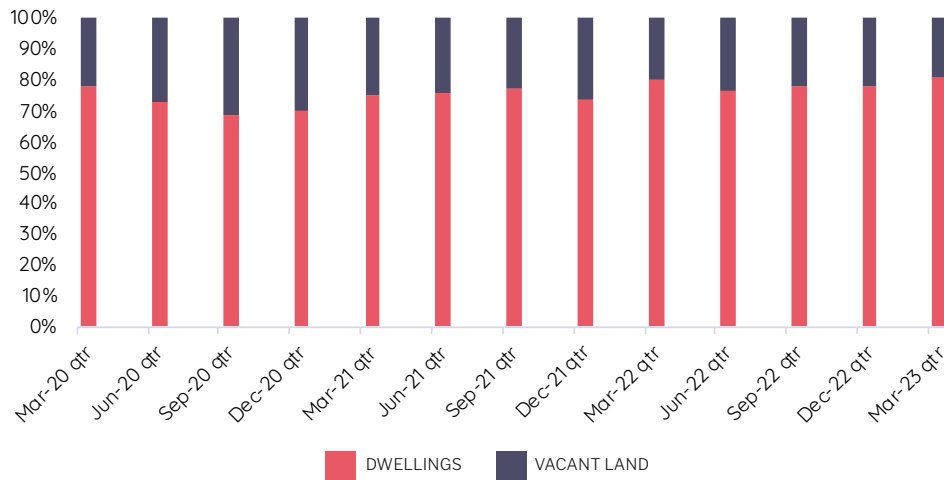
Source: PEXA

Land sales made up over 20% of all cash purchases in VIC

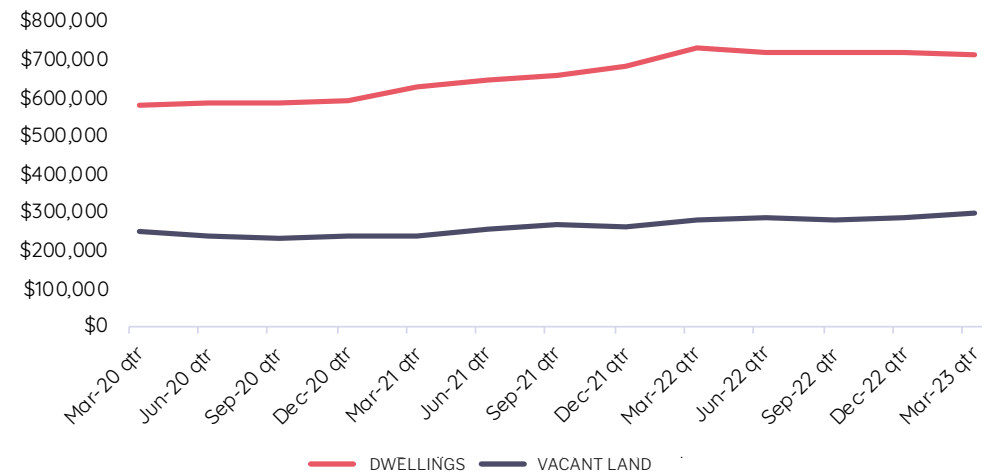


Land sales were more popular amongst cash buyers in VIC compared to other eastern states

VIC: Proportion of cash purchases by property type (by volume)



VIC: Median value of cash purchases by property type



Although overall dwellings made up the majority of cash purchases in VIC, vacant land sales accounted for between 20-30% of all cash purchases in the state. In the Sep-20 Qtr, following the announcement of the oversubscribed federal government HomeBuilder scheme, this percentage exceeded 30%.

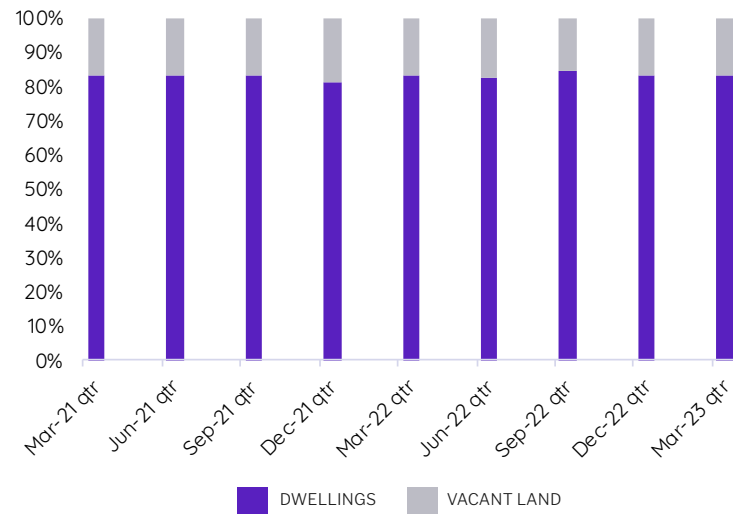
The median price of vacant land on cash purchases grew modestly during the period 2020-2023, however the median price of dwellings jumped from \$580K at the start of 2020 to \$710K in the first quarter of 2023.

Similar to the other eastern states, dwellings were most popular with QLD cash buyers



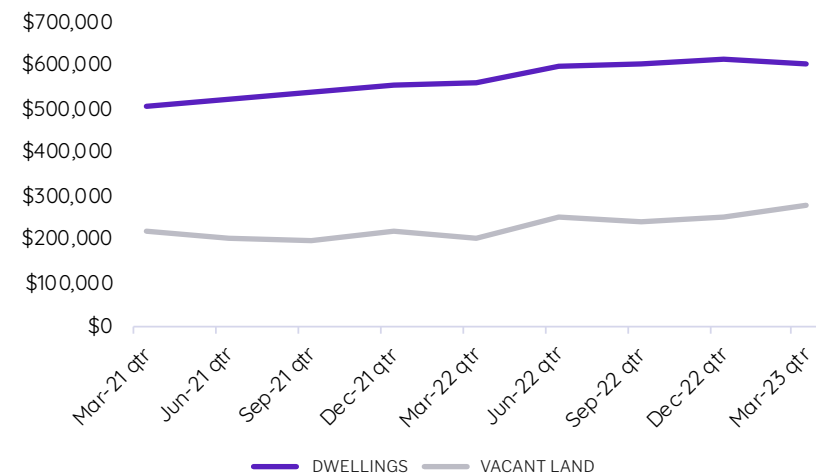
Similar to NSW, around 85% of all cash purchases in QLD were dwellings

QLD: Proportion of cash purchases by property type (by volume)



The split by property type for cash buyers in QLD remained relatively consistent over the past 2 years. Overall dwellings made up approximately 85% of all residential cash transactions, with vacant land making up the remaining 15%.

QLD: Median value of cash purchases by property type



The median price of cash purchases in QLD saw noticeable increases in the Jun-22 Qtr for all property types and remaining steady since then, in-line with broader property market.

However, in the most recent Mar-23 Qtr, the median value of cash purchases for dwellings declined whilst vacant land increased.

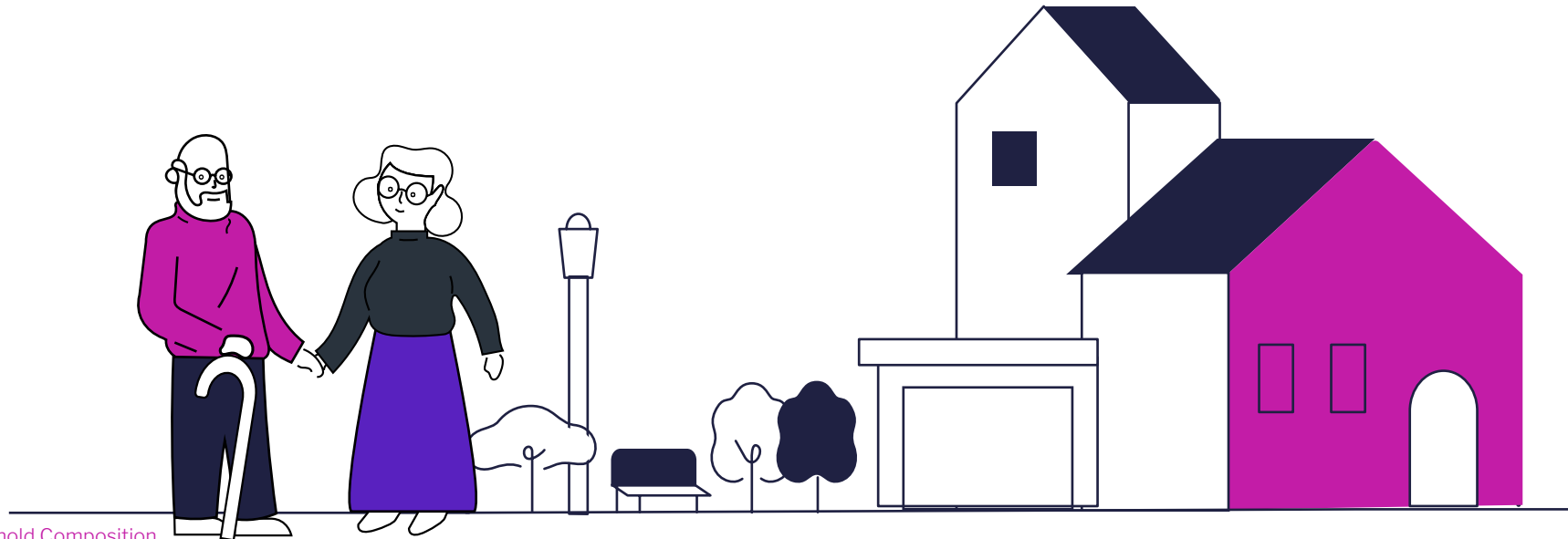
NOTE: QLD data only available from 2021 onwards

Source: PEXA

Areas popular with retirees saw the greatest proportion of cash purchases

The postcodes that had the highest proportion of cash purchases were mainly located in regional areas popular with older Australians. In 2022, **65.2%** of cash purchases in QLD were in regional areas, as were **56.3%** in NSW. These postcodes had higher median ages, lower labour force participation and the main family composition was *Couple family without children*¹. These postcodes also had lower than average family incomes due to the high proportion of retirees. Being located in regional areas, the median prices for cash purchases in these postcodes were significantly lower than state averages.

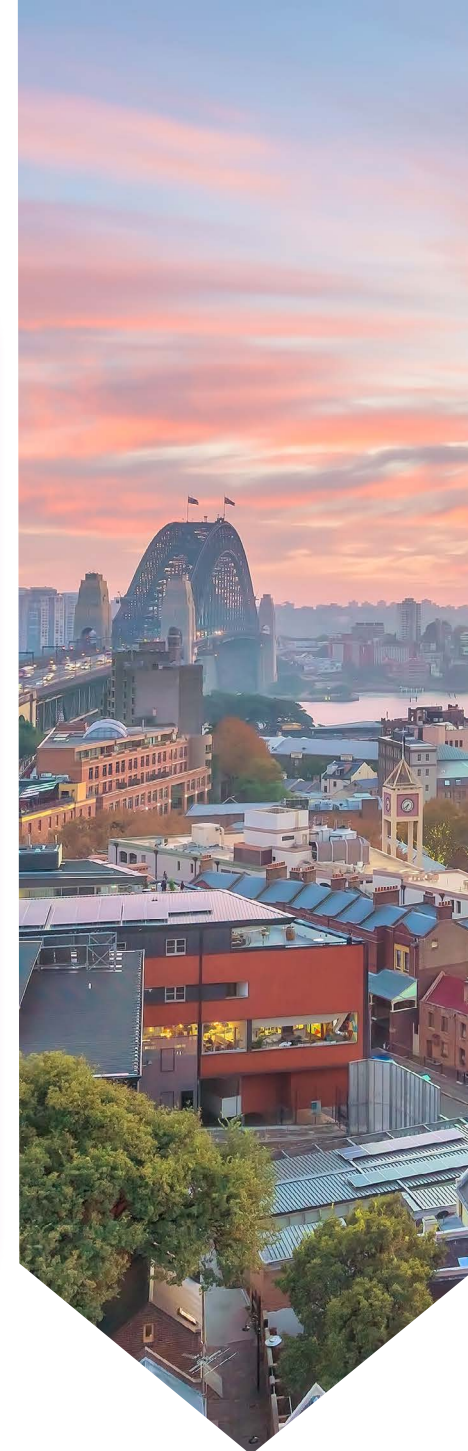
VIC had a lower proportion of cash purchases in regional areas (36.8% in VIC in 2022). Notable exceptions in VIC included the metropolitan postcodes of **3053 (Carlton)**, **3000 (Melbourne)** and **3002 (East Melbourne)** which ranked highly for cash purchases. These urban areas were popular with young professionals and university students.



NSW top-20 postcodes by % of cash purchases (CY22)

NEW SOUTH WALES ¹	% CASH PURCHASES ²	MEDIAN CASH VALUE ³	MEDIAN AGE	MAIN FAMILY COMPOSITION ⁴	WEEKLY FAMILY INCOME	NOT IN LABOUR FORCE (%)
2371 (EMMAVILLE)	73.3	\$150,000	57	Couple family without children (61.5%)	\$1,100	50.0
2422 (GLOUCESTER)	65.2	\$590,000	55	Couple family without children (55.4%)	\$1,353	47.4
2469 (WOOMBAH)	62.5	\$297,500	54	Couple family without children (54.9%)	\$1,136	47.3
2732 (BARHAM)	62.2	\$340,000	56	Couple family without children (59.9%)	\$1,406	40.1
2647 (MULWALA)	59.9	\$279,500	53	Couple family without children (57.0%)	\$1,562	41.6
2365 (GUYRA)	58.1	\$273,500	45	Couple family without children (48.2%)	\$1,491	31.0
2423 (BULAHDELAH)	56.6	\$587,500	55	Couple family without children (54.5%)	\$1,303	46.1
2370 (GLEN INNES)	55.8	\$300,000	48	Couple family without children (49.5%)	\$1,354	41.8
2583 (CROOKWELL)	55.6	\$500,000	52	Couple family without children (52.7%)	\$1,690	37.9
2372 (TENTERFIELD)	55.1	\$310,000	56	Couple family without children (58.1%)	\$1,248	45.2
2622 (BRAIDWOOD)	55.0	\$545,000	50	Couple family without children (56.6%)	\$1,912	34.0
2357 (COONABARABRAN)	55.0	\$232,500	50	Couple family without children (48.5%)	\$1,409	38.2
2427 (HARRINGTON)	52.2	\$660,000	64	Couple family without children (70.6%)	\$1,076	64.9
2474 (KYOGLÉ)	51.8	\$545,000	51	Couple family without children (49.0%)	\$1,341	38.1
2731 (MOAMA)	51.8	\$285,000	49	Couple family without children (51.7%)	\$1,731	38.2
2710 (DENILQUIN)	50.5	\$240,000	47	Couple family without children (49.8%)	\$1,627	35.7
2454 (BELLINGEN)	50.4	\$937,500	47	Couple family without children (42.7%)	\$1,613	37.3
2590 (COOTAMUNDRA)	50.0	\$360,000	51	Couple family without children (53.1%)	\$1,426	47.3
2576 (BOWRAL)	49.9	\$1,800,000	56	Couple family without children (54.8%)	\$2,204	46.4
2420 (DUNGOG)	49.6	\$470,000	50	Couple family without children (48.6%)	\$1,543	41.6
NSW	23.8	\$770,000	39	Couple family with children (44.7%)	\$2,185	35.5

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1 Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

2 Cash purchases as a percentage of overall sale settlement volumes in CY22

3 Median property price for cash purchases in the postcode in CY22

4 ABS Household Composition

Source: PEXA, ABS

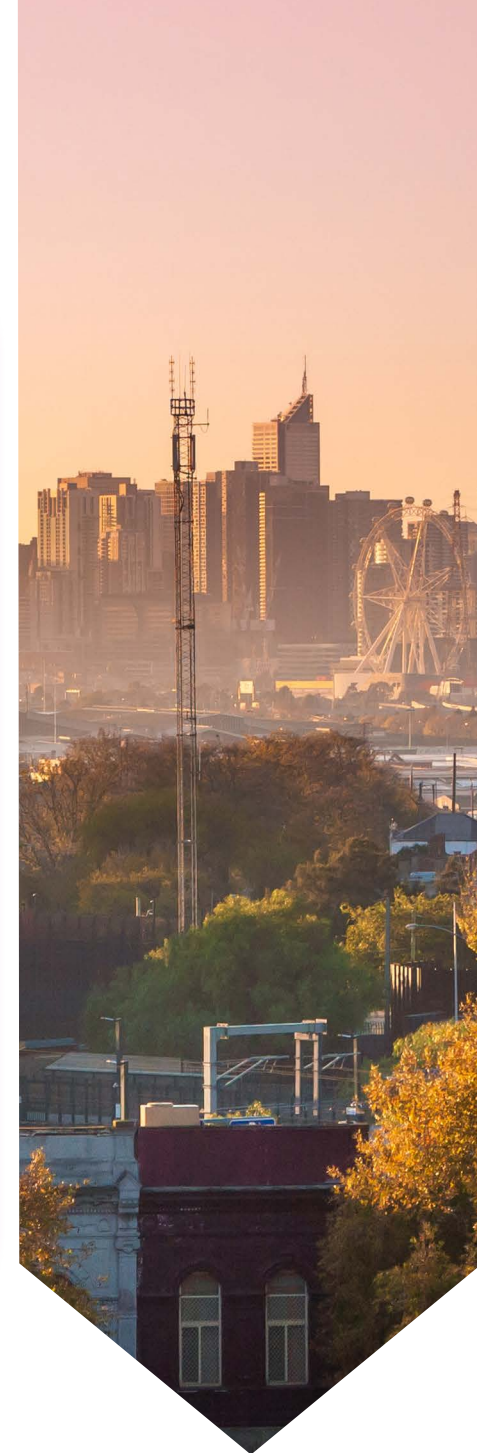
VIC top-20 postcodes by % of cash purchases (CY22)

VICTORIA ¹	% CASH PURCHASES ²	MEDIAN CASH VALUE ³	MEDIAN AGE	MAIN FAMILY COMPOSITION ⁴	WEEKLY FAMILY INCOME	NOT IN LABOUR FORCE (%)
3971 (YARRAM)	58.5	\$462,500	54	Couple family without children (56.4%)	\$1,327	43.6
3880 (PAYNESVILLE)	57.1	\$497,500	63	Couple family without children (68.0%)	\$1,267	58.8
3904 (METUNG)	56.9	\$375,000	60	Couple family without children (68.7%)	\$1,370	47.8
3666 (EUROA)	56.5	\$498,000	54	Couple family without children (53.6%)	\$1,505	40.0
3561 (ROCHESTER)	52.4	\$450,000	49	Couple family without children (49.9%)	\$1,534	39.8
3717 (YEA)	51.7	\$664,200	53	Couple family without children (53.8%)	\$1,567	39.0
3608 (NAGAMBIE)	50.8	\$303,500	52	Couple family without children (54.3%)	\$1,698	39.8
3851 (LOCH SPORT)	50.7	\$230,000	47	Couple family without children (53.9%)	\$1,521	49.8
3579 (KERANG)	50.4	\$250,000	50	Couple family without children (48.9%)	\$1,416	40.7
3451 (CAMPBELLS CREEK)	50.0	\$455,000	47	Couple family without children (47.3%)	\$1,765	36.7
3888 (ORBOST)	50.0	\$272,500	54	Couple family without children (52.9%)	\$1,325	43.4
3730 (YARRAWONGA)	47.9	\$481,000	51	Couple family without children (53.7%)	\$1,490	43.8
3053 (CARLTON)	47.8	\$300,000	27	Couple family without children (59.0%)	\$2,064	30.6
3225 (POINT LONSDALE)	47.0	\$1,050,000	61	Couple family without children (62.3%)	\$1,954	48.6
3909 (LAKES ENTRANCE)	46.9	\$494,000	54	Couple family without children (54.1%)	\$1,300	48.4
3000 (MELBOURNE)	46.8	\$556,910	28	Couple family without children (69.2%)	\$1,857	21.7
3260 (CAMPERDOWN)	46.5	\$425,000	49	Couple family without children (48.7%)	\$1,688	36.9
3672 (BENALLA)	45.6	\$397,000	51	Couple family without children (51.9%)	\$1,521	42.2
3002 (EAST MELBOURNE)	45.5	\$1,050,000	42	Couple family without children (71.6%)	\$3,733	25.2
3465 (MARYBOROUGH)	45.2	\$365,000	51	Couple family without children (49.2%)	\$1,261	49.3
VIC - MEDIAN	21.0	\$615,000	38	Couple family with children (37.6%)	\$2,136	32.2

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- 1 Data analysed at postcode level with the prominent suburb in that postcode shown for convenience
- 2 Cash purchases as a percentage of overall sale settlement volumes in CY22
- 3 Median property price for cash purchases in the postcode in CY22
- 4 ABS Household Composition

Source: PEXA, ABS



QLD top-20 postcodes by % of cash purchases (CY22)

QUEENSLAND ¹	% CASH PURCHASES ²	MEDIAN CASH VALUE ³	MEDIAN AGE	MAIN FAMILY COMPOSITION ⁴	WEEKLY FAMILY INCOME	NOT IN LABOUR FORCE (%)
4421 (TARA)	78.4	\$69,000	48	Couple family without children (46.5%)	\$1,066	48.7
4184 (RUSSELL ISLAND)	76.4	\$85,000	61	Couple family without children (62.7%)	\$954	60.2
4671 (GIN GIN)	71.9	\$245,000	52	Couple family without children (52.8%)	\$1,200	46.8
4357 (MILLMERRAN)	71.0	\$123,500	47	Couple family without children (51.6%)	\$1,443	38.5
4605 (MURGON)	68.7	\$175,000	41	Couple family without children (41.3%)	\$1,176	47.1
4615 (NANANGO)	65.6	\$250,000	52	Couple family without children (52.7%)	\$1,159	50.7
4819 (NELLY BAY)	64.9	\$342,000	58	Couple family without children (63.4%)	\$1,372	42.9
4314 (BLACKBUTT)	64.8	\$320,000	57	Couple family without children (58.6%)	\$1,065	52.5
4630 (MONTO)	64.8	\$165,000	51	Couple family without children (55.5%)	\$1,329	35.5
4625 (GAYNDAH)	60.6	\$210,000	48	Couple family without children (51.1%)	\$1,378	33.9
4714 (MOUNT MORGAN)	60.2	\$139,500	53	Couple family without children (46.1%)	\$1,101	49.6
4606 (WONDAI)	59.8	\$230,000	52	Couple family without children (48.5%)	\$1,343	45.5
4470 (CHARLEVILLE)	59.4	\$112,000	42	Couple family without children (46.7%)	\$1,828	28.3
4854 (TULLY)	58.9	\$225,000	43	Couple family without children (47.7%)	\$1,518	32.3
4877 (PORT DOUGLAS)	58.9	\$360,000	45	Couple family without children (59.4%)	\$1,835	25.7
4580 (COOLOOLA COVE)	58.5	\$530,000	63	Couple family without children (71.3%)	\$926	64.4
4804 (COLLINSVILLE)	57.8	\$135,000	43	Couple family without children (46.8%)	\$1,619	29.0
4660 (WOODGATE)	57.3	\$285,000	56	Couple family without children (61.8%)	\$1,179	49.3
4659 (BURRUM HEADS)	57.1	\$459,000	60	Couple family without children (67.5%)	\$1,026	60.6
4852 (WONGALING BEACH)	56.2	\$375,000	50	Couple family without children (57.7%)	\$1,461	35.2
QLD - MEDIAN	22.0	\$530,000	38	Couple family with children (41.2%)	\$2,024	32.0

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1 Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

2 Cash purchases as a percentage of overall sale settlement volumes in CY22

3 Median property price for cash purchases in the postcode in CY22

4 ABS Household Composition

Source: PEXA, ABS

Metropolitan postcodes saw the largest purchase prices by cash buyers in NSW



Affluent areas such as 2088 (Mosman) and 2027 (Darling Point) saw high values of cash purchases, driven by more expensive properties in those postcodes.

#1 2088 (MOSMAN)

Over \$725M of residential property was purchased with cash in postcode 2088 in 2022. The median value of cash settlements was \$2.7m. Mosman is a very affluent area in Sydney, with a weekly median family income of \$4,502.

#2 2000 (SYDNEY)

Postcode 2000 recorded \$717M of cash purchases in 2022. There were a total of 333 cash purchases in the postcode during the year, at a median settlement value of \$1.27m. Given the high proportion of rental properties (71.1%) in the area, buyers are more likely to be investors. This postcode contains a mix of ethnic backgrounds as evidenced by 77% of residents whose parents were both born overseas.

#4 2765 (MARSDEN PARK)

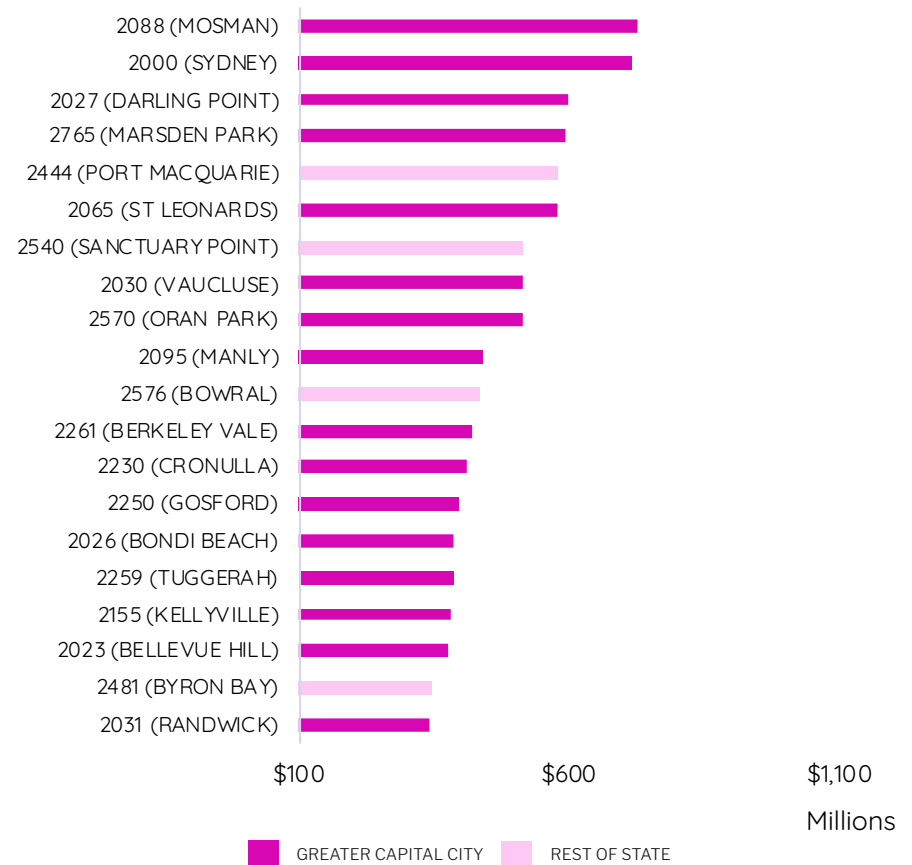
Postcode 2765, a high development area in Sydney's north-west recorded \$595M of cash purchases in 2022.

508 cash purchases were recorded in the postcode during the year with the most common property types purchased with cash being vacant land (59.4%) at a median value of \$615K. Marsden Park is an area popular with young families, boasting a median age of 33 and with family households being the predominant household type (87.0%). Correspondingly, larger homes were more common in the postcode with 71.6% having four or more bedrooms.

Note: Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

Source: PEXA, ABS

NSW: TOP-20 POSTCODES BY TOTAL VALUE OF CASH PURCHASES (CY22)



Metropolitan postcodes were favoured with cash buyers in VIC



3350 (Ballarat) was the only regional postcode to feature in the top-20.

#1 3142 (TOORAK)

Postcode 3142 recorded 194 cash purchases worth \$893M in 2022. The median cash settlement value was \$2.2M. Families residing in Postcode 3142 earned a median weekly family income of \$3,909, nearly double the state median of \$2,136.

#2 3000 (MELBOURNE)

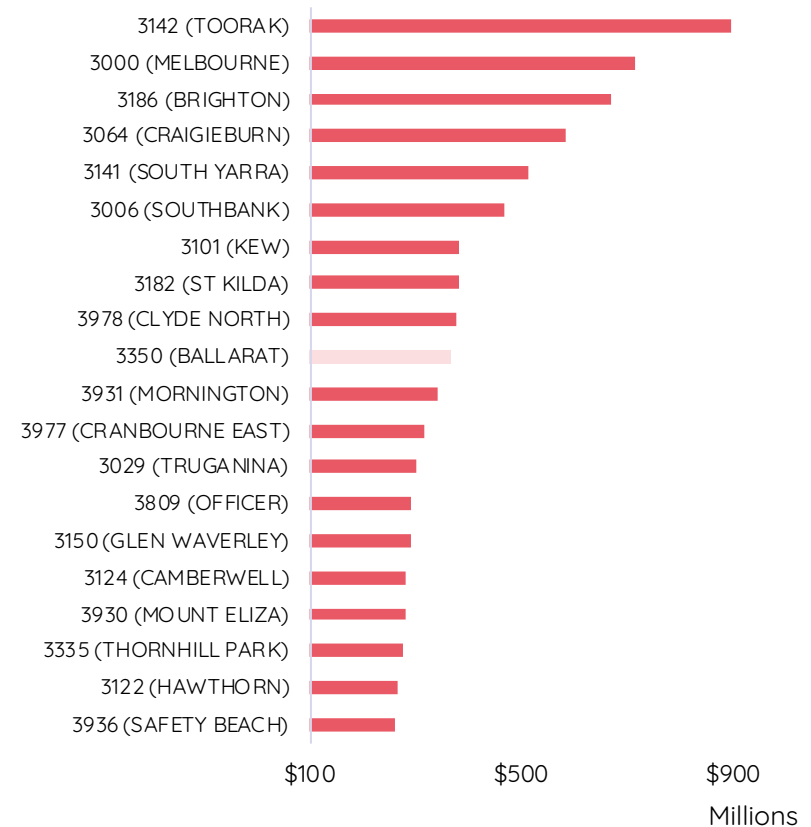
Postcode 3000 recorded 1,030 cash settlements in 2022, totally worth \$711M. The median value of cash settlements was \$557K. Similar to Postcode 2000, this area contains a mix of ethnic backgrounds as evidenced by 74% of residents whose parents were both born overseas.

#4 3064 (CRAIGIEBURN)

Postcode 3064 recorded a total of 711 cash settlements in CY22, of which the vast majority (71%) were settlements for vacant land with a median value of \$282,000.

Postcode 3064, on the northern fringe of Greater Melbourne, is a popular area for families with children and the main dwelling type was detached houses (92.3% having three or more bedrooms). This suburb has a relatively large migrant population, particularly from India, Turkey and Iraq.

VIC: TOP-20 POSTCODES BY TOTAL VALUE OF CASH PURCHASES (CY22)



Note: Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

Source: PEXA, ABS

Cash buyers were drawn to coastal hotspots in QLD



The Gold Coast and Sunshine Coast regions were most popular, dominating the top-20 in the state.

#1 4218 (BROADBEACH)

Postcode 4218 is a popular beachside locale in the Gold Coast. 42.6% of overall settlements were purchased with cash in this postcode in 2022. It is likely that buyers of these properties are a mix of owner-occupiers and investors.

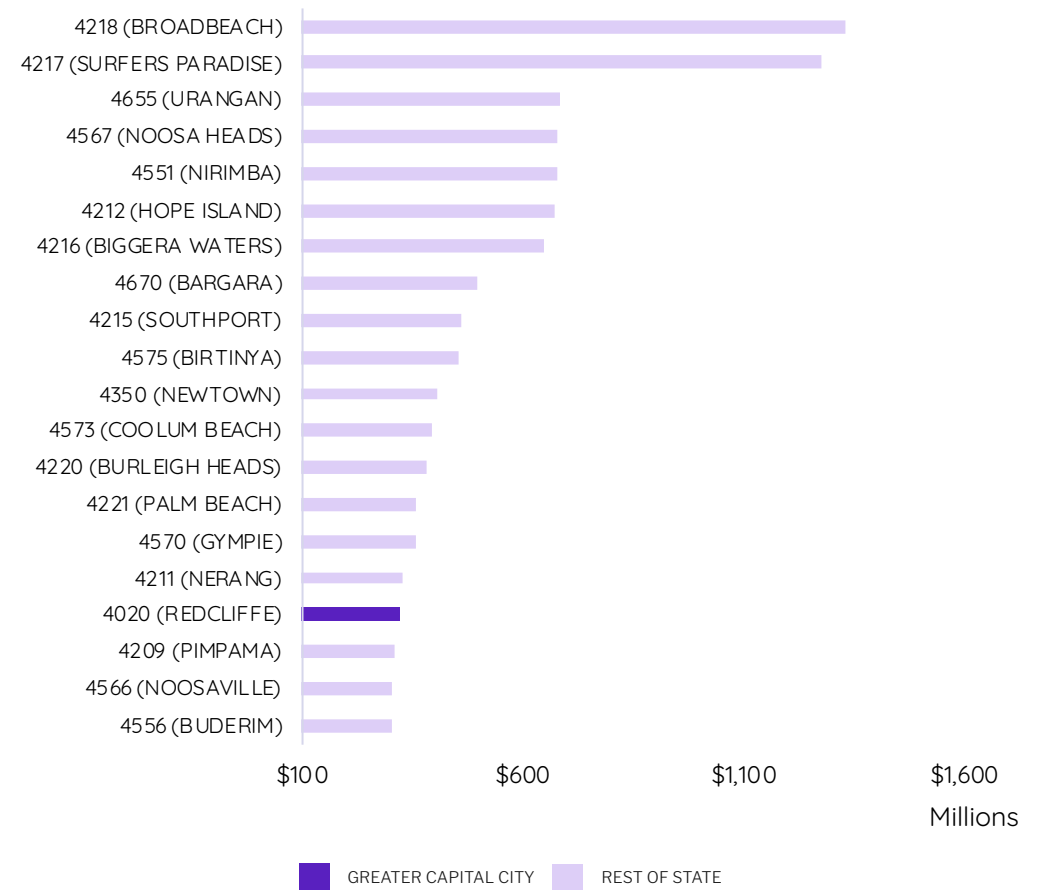
#4 4567 (NOOSA HEADS)

The median value of cash settlements in Postcode 4567 was \$2M in 2022. Compared to other postcodes featured in this analysis, there are a larger share of unoccupied homes in Postcode 4567, suggesting that a significant number of these properties are bought as holiday homes.

#17 4020 (REDCLIFFE)

Postcode 4020 was the only postcode located in Greater Brisbane that made the top-20. 4020 (Redcliffe) has a median age 50, 42% of residents not participating in labour force and the predominant family composition as a Couple family without children (49.6%). The area is a seaside town popular with retirees or those wanting to downsize.

QLD: TOP-20 POSTCODES BY TOTAL VALUE OF CASH PURCHASES (CY22)



Note: Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

Source: PEXA, ABS

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