

Mortgage Insights Report



FINANCIAL YEAR 2023

Copyright

© 2023 PEXA. PEXA and its licensors own all rights (including copyright) in this document. No content may be copied, modified, published or distributed to any other party without PEXA's prior written permission. All Rights Reserved.

PEXA DISCLAIMERS

This document is general in nature. It doesn't constitute advice, doesn't take into account your circumstances, and shouldn't be relied upon. Please seek professional advice where appropriate. All information is provided "as is" without representation, guarantee or warranty of any kind, whether expressed or implied, including any warranty that the information is accurate, current, reliable, complete, or suitable for any purpose, or any guarantee that any forward-looking statements, including estimates, projections and opinions will be achieved or will prove to be correct. Any estimates, projections and opinions are based on assumptions and events that may be subject to change (without notice). To the full extent permitted by law, PEXA excludes all liability for any loss or damage however arising out of or in connection with this document, including in relation to reliance by you or any third party on the information contained in this document.

By accessing and using this document, you acknowledge and agree to the following additional disclaimers that apply to information in the document from PEXA's licensors.

South Australia

WARNING

The information contained in this dataset is extracted from records of land status and cadastral boundary definition held by the Government of the State of South Australia (the "State"). The information is not represented to be accurate, current, complete, or suitable for any purpose, at the time of its supply by the State, and may have changed since the date of supply by the State.

The software by which the information is provided is not represented to be error free. No responsibility is accepted by the State for any reliance placed by any person upon the information, or the software by which it is provided. Persons acquiring or using the information and its associated software must exercise their independent judgement in doing so.

COPYRIGHT

Copyright in the information remains with the Crown in right of the State of South Australia. The information is reproduced under licence from the Crown.

PRIVACY

The information contained in this dataset must not be used for the purposes of compiling contact lists, whether personalised or not.

New lending returned to pre-pandemic levels, whilst refinances continued to surge



Mike Gill, Head of Research, PEXA

FY23 saw a total of 481,234 new loans issued nationally by Australian lenders to fund the purchase of property. This was down 20.6% on FY22 and reflected a sales market returning to a more normal setting when compared with the previous two years. The largest states of NSW and VIC saw new lending return to levels last seen in FY20 during the onset of the pandemic. Median loan amounts for new loans also trended downwards in FY23 in Sydney (\$739,650 down from \$784,000 in FY22) and Melbourne (\$556,497 down from \$582,000).

Refinances on the other hand grew 13.8% to 450,177 nationally in FY23. All states saw significant growth led by WA which was up 29.5% on FY22. The Major banks held a leading market share position for refinances in FY23 and successfully grew their share in all states bar SA throughout the year. This was largely due to the attractive incentives offered by many Major banks to entice borrowers to switch lenders.

This report provides the latest mortgage trends for the mainland states of NSW, VIC, QLD, WA and SA including new loans arising for the purchase of a property and property refinances. Loan figures quoted include all residential and commercial properties unless otherwise stated. Any non-monetary settlements such as family transfers or gifts have been excluded. This report includes new loans and refinances lodged digitally via PEXA. PEXA processes over 85% of Australian property sale settlements, and over 95% of refinancing transactions nationally. Property settlements that are funded with a loan are defined in this report as a 'new loan', regardless of whether a new of existing loan facility is used. Refinances include the refinancing of a property loan with a different lender. Major banks' includes ANZ, NAB, Westpac and CBA and include all of their respective sub-brands and subsidiaries.

NEW LOAN HIGHLIGHTS

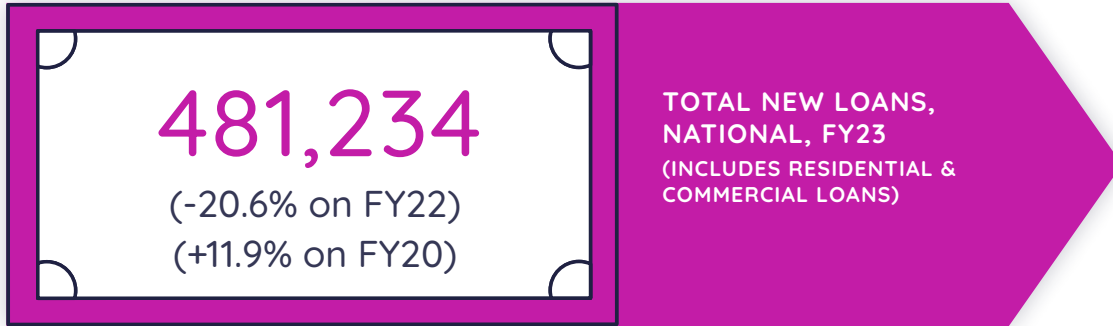
- > **131,463 new loans were issued in QLD in FY23, more than in any other state.** Of these, 125,547 were for residential property. New loans in QLD fell by 21.0% compared to FY22 but remained 24.3% higher than in FY20.
- > **NSW and VIC saw median amounts for residential new loans fall by 3.2% and 3.6% in FY23 respectively.** However median loan amounts rose in QLD, WA & SA to \$458,096, \$404,420 and \$431,107 respectively.
- > **The Major banks increased their market share for residential new loans in FY23 in all states bar SA.** The Major banks grew their share of new loans the most in NSW (up 3.1% in FY23) followed by WA (up 2.7%).

REFINANCE HIGHLIGHTS

- > **Over each of the past 4 years, VIC recorded the most refinances nationally, with 150,592 in FY23.** This was up +14.7% on FY22 and ahead of second place NSW on 134,411.
- > **WA experienced the highest growth in refinances in FY23, up 29.5% to 45,965.** SA (+19.4%) and QLD (+17.4%) also exhibited high year-on-year growth.
- > **The Major banks held a leading market share for refinances across all states in FY23.** Their market share was highest in WA (68.7%) and lowest in QLD (60.2%).

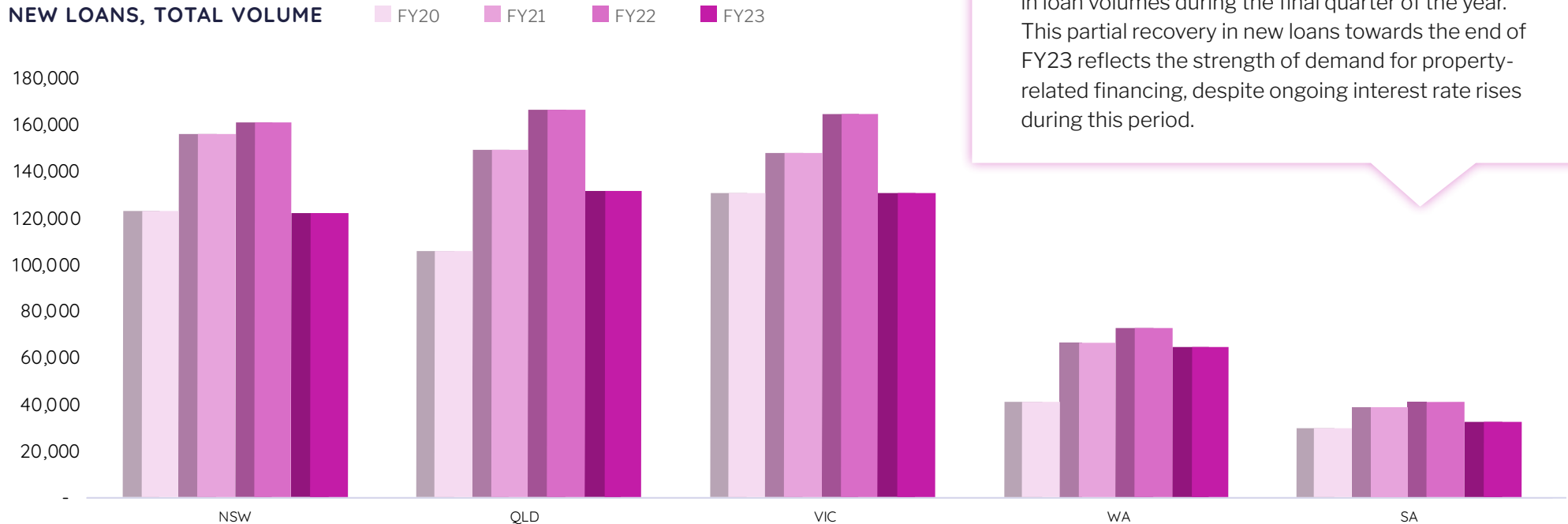
Over 481K new loans were issued in FY23 to fund the purchase of property

Nationally, this was down 20.6% on FY22



New loan volumes declined in all mainland states in FY23, after reaching a record high in FY22 as a result of an exceptional, pandemic-related property boom during FY21 and FY22. New loan volumes in FY23 fell slightly below their pre-pandemic levels in NSW and VIC but remained elevated in the other three mainland states.

Over FY23, new loans followed a similar pattern to total sale settlement volumes. There was a relatively sharp decline in the first half of the year in response to rapid interest rate rises, followed by a partial recovery in loan volumes during the final quarter of the year. This partial recovery in new loans towards the end of FY23 reflects the strength of demand for property-related financing, despite ongoing interest rate rises during this period.



Source: PEXA, QLD Government, NSW Land Registry Services, SA Office of the Registrar-General, Land Services SA

Note: Overall new loans reported for WA & SA, includes both residential and commercial property

NSW had the highest median loan value for new residential loans

All regions saw an increase in the median loan value compared to FY22 except Sydney and Melbourne

MEDIAN LOAN VALUE FOR RESIDENTIAL NEW LOANS, FY23



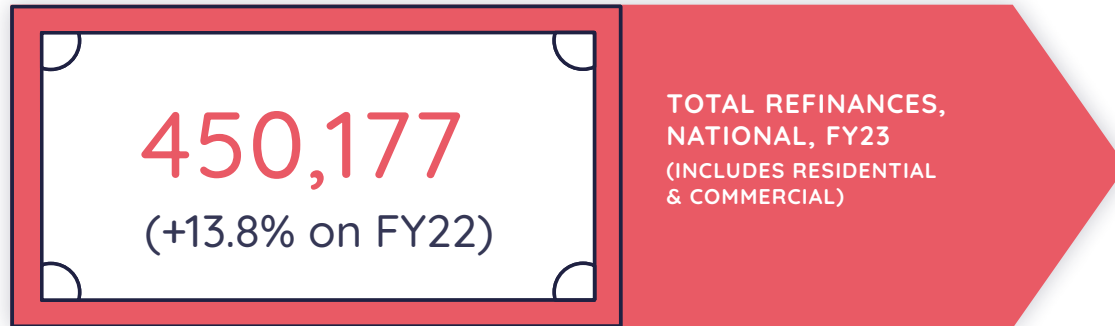
The **Median loan value** is taken from the loan proceeds used in the property settlement on the buyer side. The median loan value is reported for all residential property settlements with a new loan. It should be noted that the total loan value issued by the lender may differ from the loan value used in our calculation. This would be the case, for instance, if a buyer borrows additional funds, beyond what was required to fund the purchase. For example, if a buyer requires \$400K to settle the purchase of a property (after accounting for any deposit), but decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our calculation would use the \$400K loan proceeds used in the initial settlement and not the \$450K total loan value.

Source: PEXA

* Figures shown for WA & SA include both residential and commercial new loans

Refinances continued to rise across all states in FY23

Refinances were up 13.8% in FY23, reaching over 450K nationally

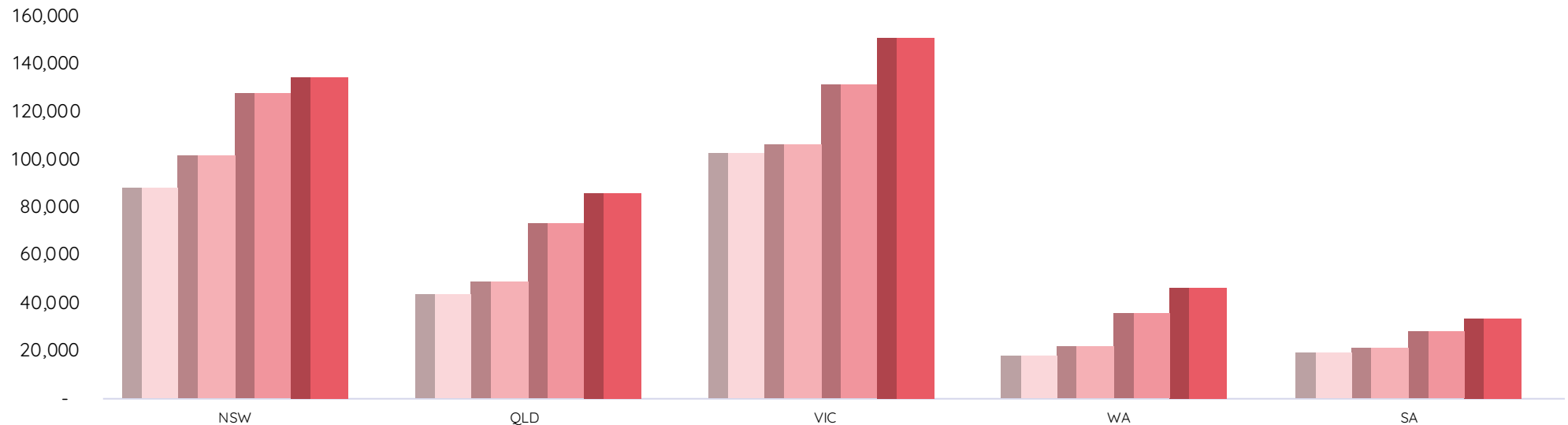


Refinances have trended upwards in the past 3 years, particularly from FY22, when the Reserve Bank of Australia began to raise interest rates.

Western Australia saw the highest growth in FY23, up 29.5% to over 45K refinances.

REFINANCES, TOTAL VOLUME

FY20 FY21 FY22 FY23



Source: PEXA

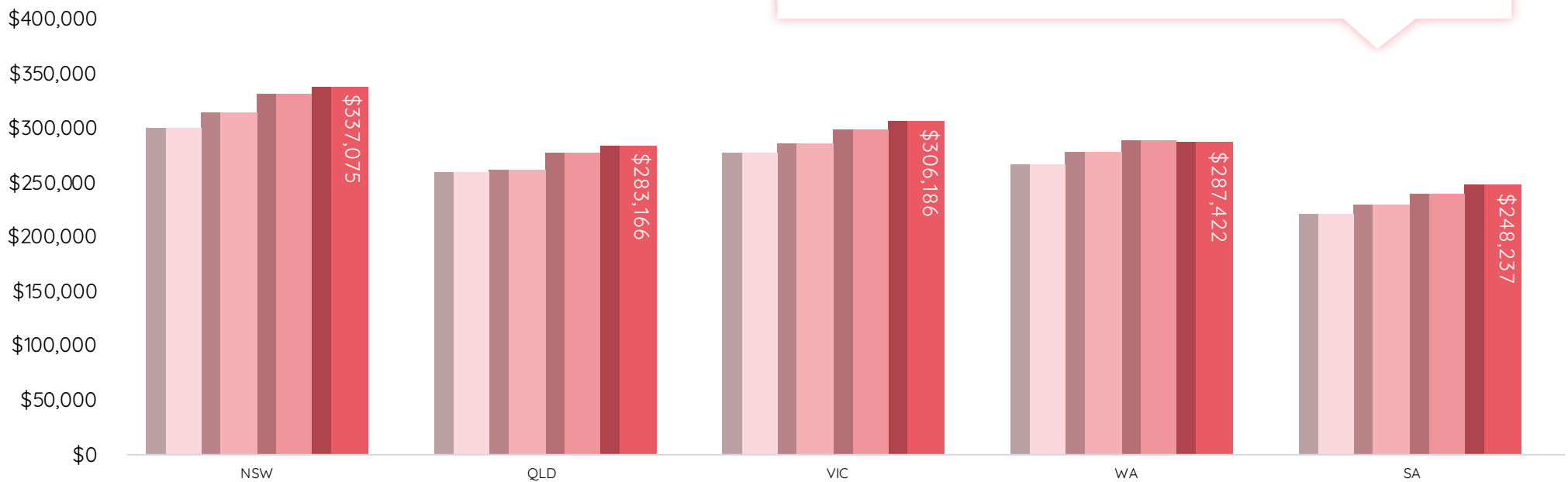
Note: Refinances include external refinances (where the home loan is refinanced with a different lender) and excludes internal refinances (where the home loan is refinanced with the same lender).

The median refinanced value has climbed steadily over the past 4 years

The median refinanced value was highest in NSW in FY23 at over \$337K and lowest in SA at \$248,237

REFINANCES, MEDIAN LOAN VALUE

FY20 FY21 FY22 FY23



Median loan value for refinances across all states were well below median new loan value. This was due to many of the refinanced loans being for properties purchased before recent property market value increases and the fact that many borrowers may have paid down a significant portion of the original loan prior to refinancing.

The *median loan value for property refinances* includes both residential and commercial. It should be noted that the median loan value is of discharged mortgages, not the newly refinanced mortgages. For example, if an owner had \$500K outstanding on their home loan and decided to refinance a new value of \$550K, the \$500K is used for the calculation, not the \$550K. Refinances include external refinances (where the home loan is refinanced with a different lender) and exclude internal refinances (where the home loan is refinanced with the same lender).

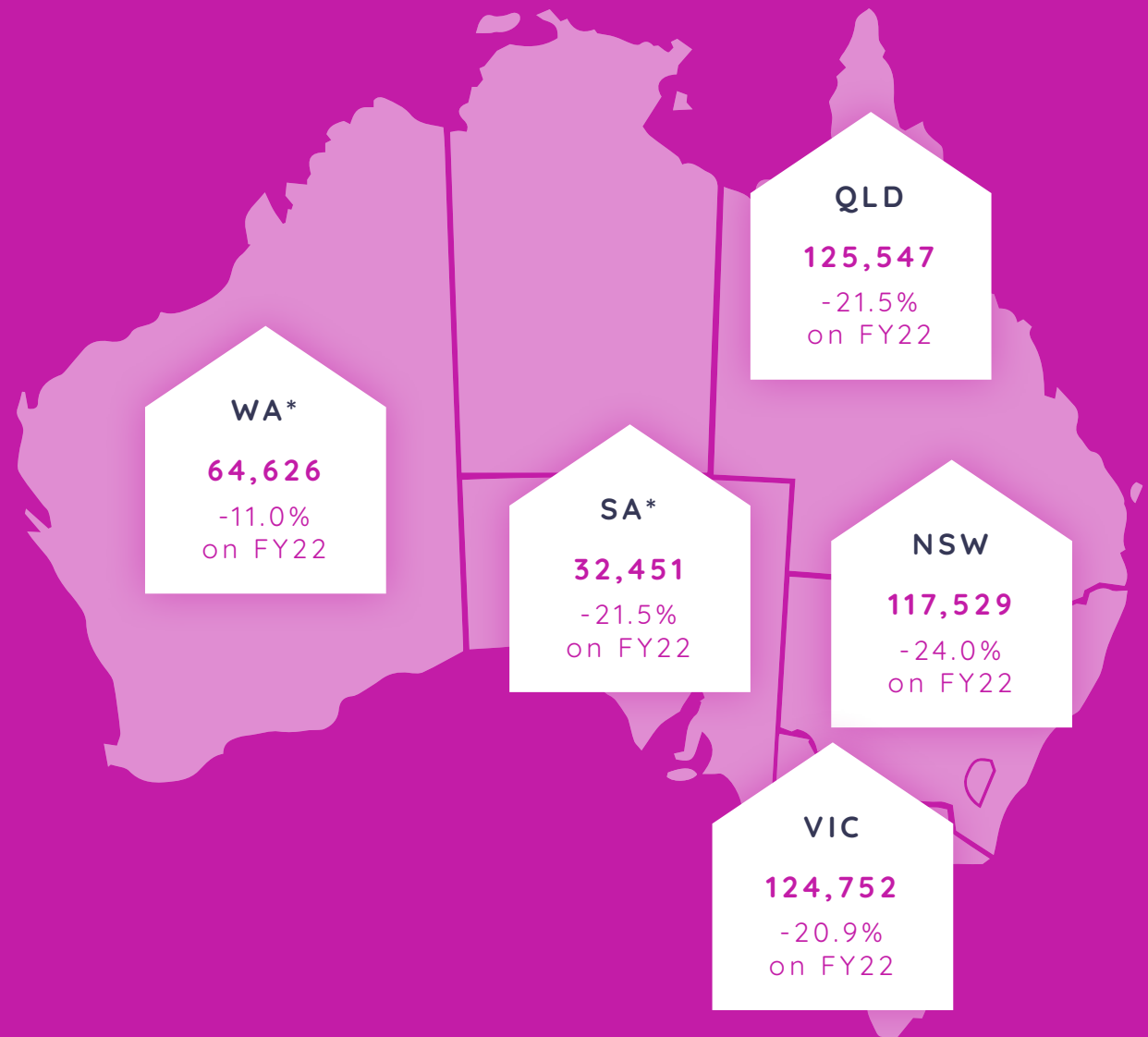
New Loans



Residential new loans dropped across the country in FY23 as the property market softened

All states experienced double digit drops, with NSW falling the most, down 24.0% year-on-year

RESIDENTIAL NEW LOANS, TOTAL VOLUME, FY23



New lending in WA was only down by 11.0% to 64,626 new loans in FY23. This market proved to be more resilient than the other mainland states which saw larger drops.

Source: PEXA

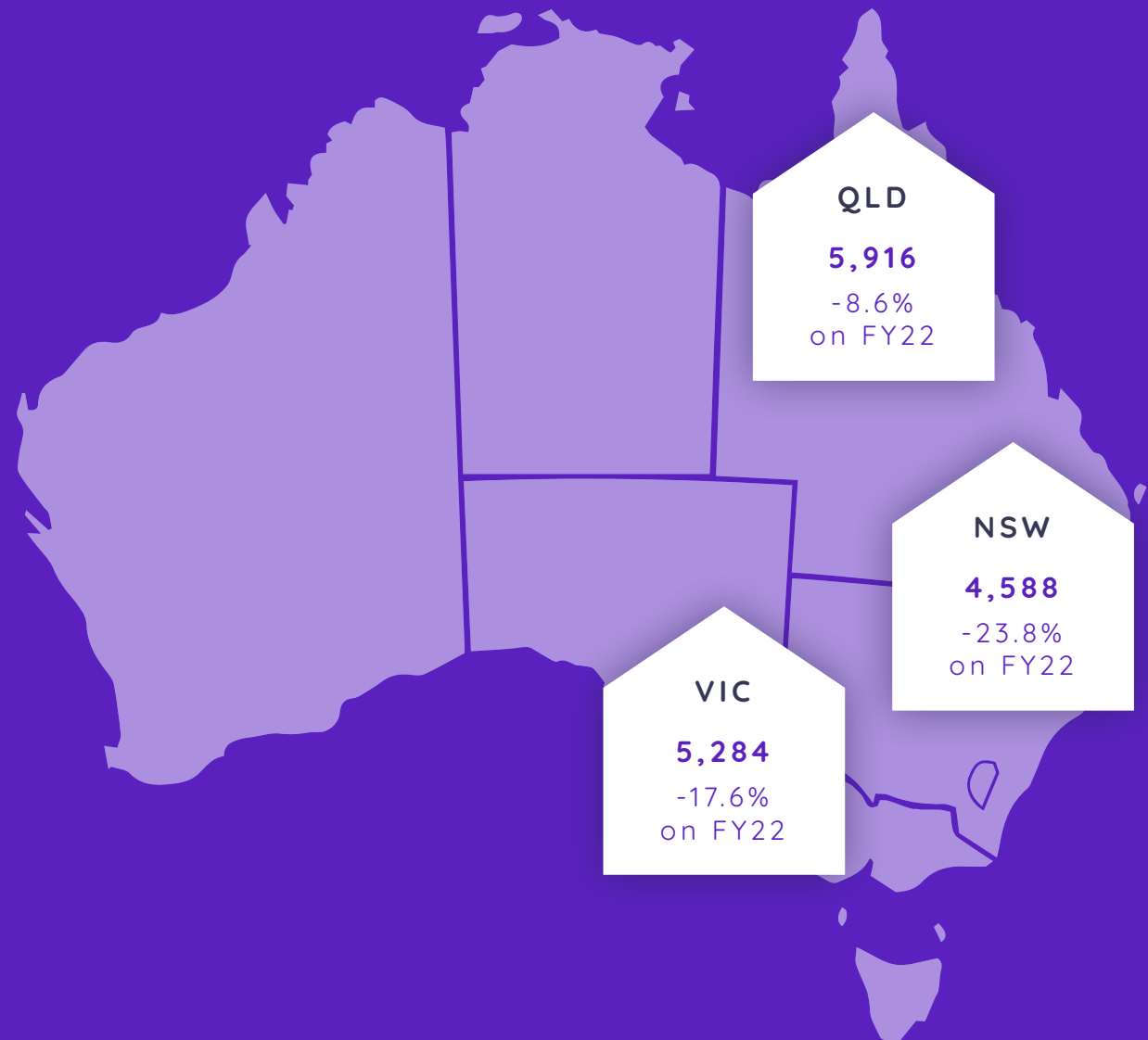
* Figures shown for WA & SA include both residential and commercial new loans

QLD recorded the highest volume of commercial new loans with 5,916 drawn down in FY23

All states registered fewer commercial new loans in FY23, with NSW down nearly 25% on the prior year

Victoria recorded the second highest volume of commercial new loans with 5,284 (down 17.6% on FY22). NSW only recorded 4,588 during this year, well below neighbouring states.

COMMERCIAL NEW LOANS, TOTAL VOLUME, FY23



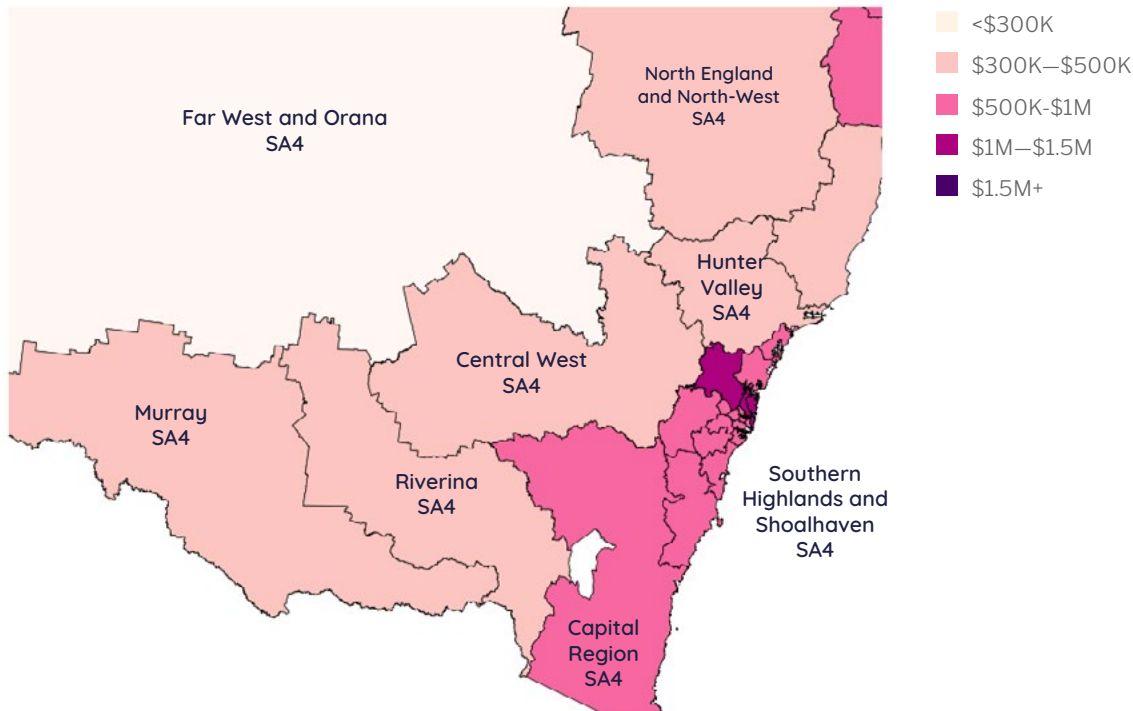
Source: PEXA

Note: Analysis not available for WA and SA

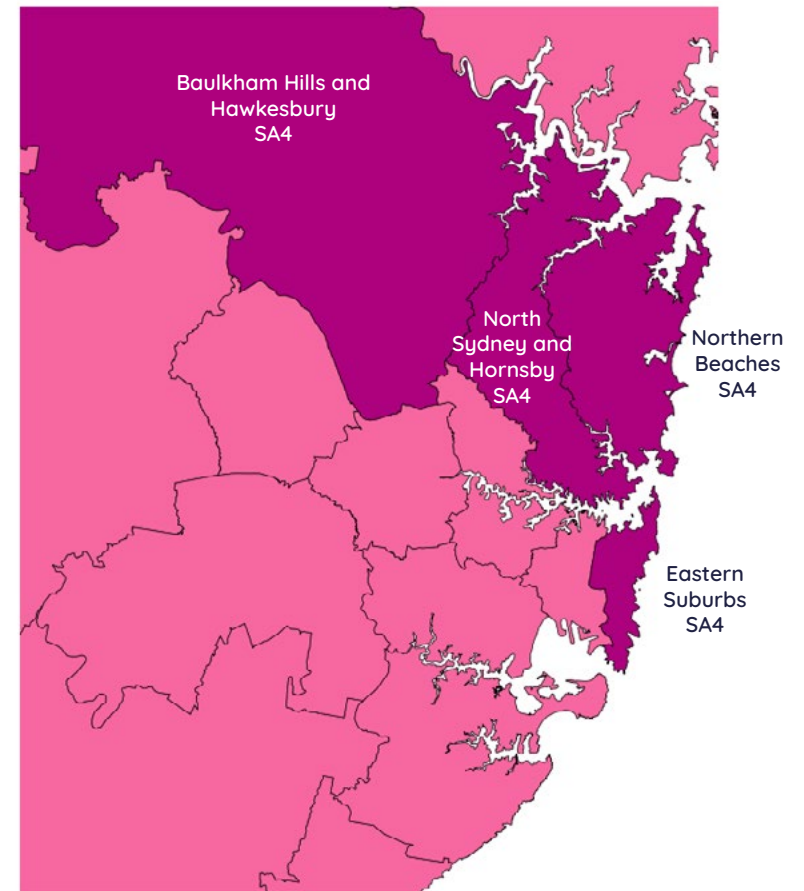
Residential median loan value were higher in Greater Sydney and along the south coast of NSW

The Northern Beaches had the highest median loan value in FY23 at \$1.2M

RESIDENTIAL MEDIAN LOAN AMOUNT BY SA4 REGION, FY23
NSW



RESIDENTIAL MEDIAN LOAN AMOUNT BY SA4 REGION, FY23
GREATER SYDNEY

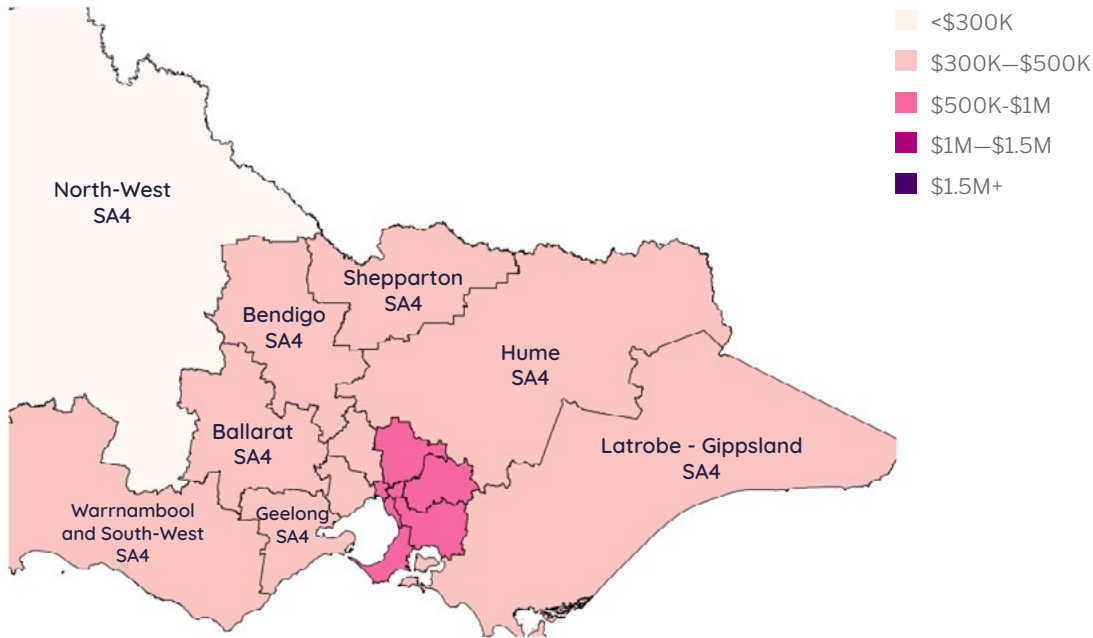


The *Median loan value* is taken from the loan proceeds used in the property settlement on the buyer side. The median loan value is reported for all residential property settlements with a new loan. It should be noted that the total loan value issued by the lender may differ from the loan value used in our calculation. This would be the case, for instance, if a buyer borrows additional funds, beyond what was required to fund the purchase. For example, if a buyer requires \$400K to settle the purchase of a property (after accounting for any deposit), but decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our calculation would use the \$400K loan proceeds used in the initial settlement and not the \$450K total loan value.

Residential properties in Melbourne’s east and south required a median loan of more than \$500K

Melbourne’s Inner East had a median loan value of \$953K in FY23, down from \$1M in FY22

RESIDENTIAL MEDIAN LOAN AMOUNT BY SA4 REGION, FY23
VIC



RESIDENTIAL MEDIAN LOAN AMOUNT BY SA4 REGION, FY23
GREATER MELBOURNE

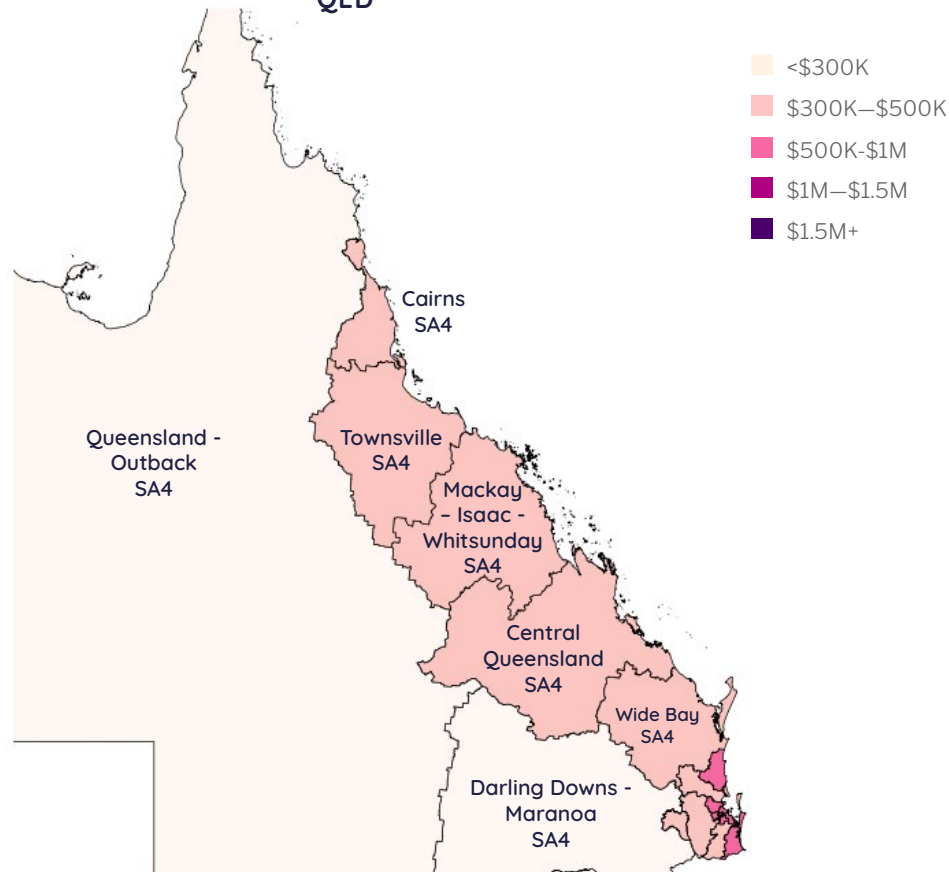


The *Median loan value* is taken from the loan proceeds used in the property settlement on the buyer side. The median loan value is reported for all residential property settlements with a new loan. It should be noted that the total loan value issued by the lender may differ from the loan value used in our calculation. This would be the case, for instance, if a buyer borrows additional funds, beyond what was required to fund the purchase. For example, if a buyer requires \$400K to settle the purchase of a property (after accounting for any deposit), but decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our calculation would use the \$400K loan proceeds used in the initial settlement and not the \$450K total loan value.

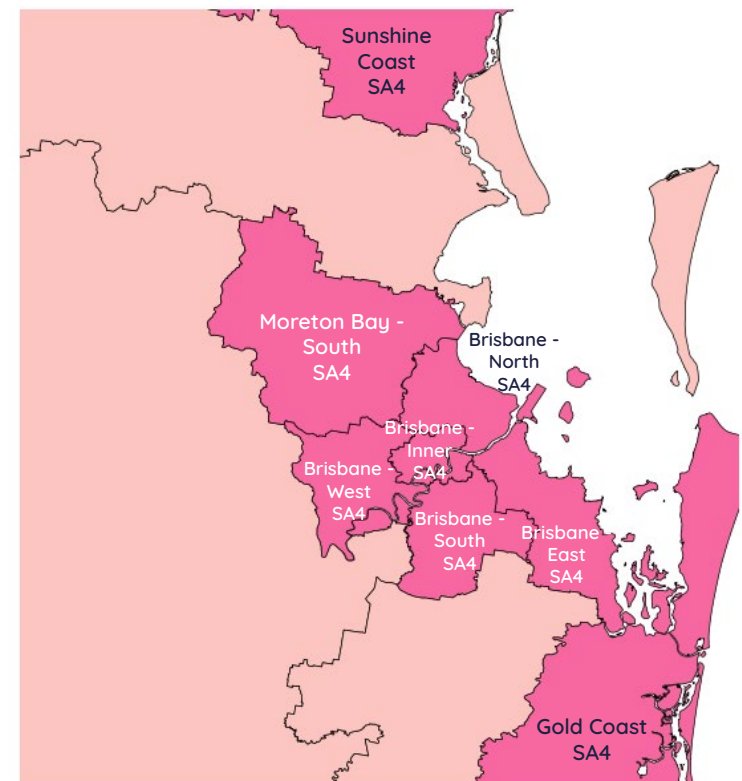
In QLD, the highest residential loans were taken out for property purchases in the south-east

Properties in Brisbane's west required a median loan value of \$711K in FY23

RESIDENTIAL MEDIAN LOAN AMOUNT BY SA4 REGION, FY23
QLD



RESIDENTIAL MEDIAN LOAN AMOUNT BY SA4 REGION, FY23
GREATER BRISBANE

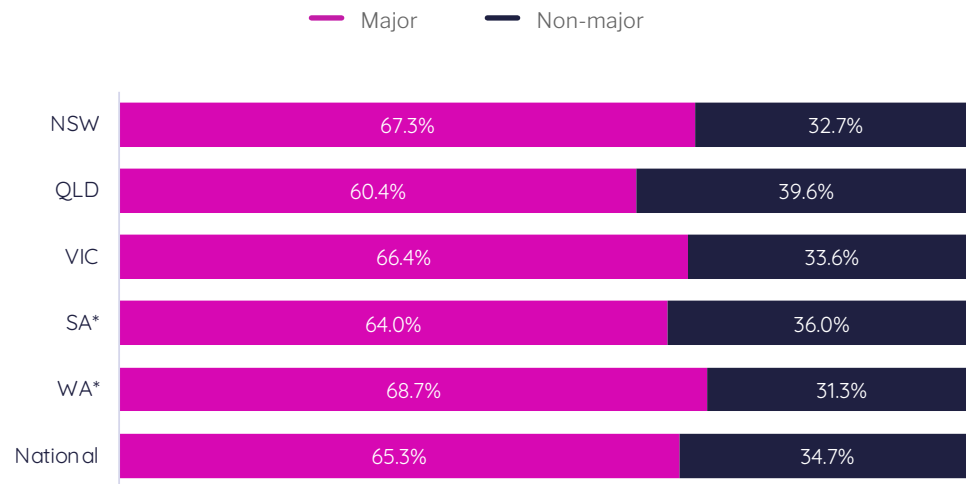


The *Median loan value* is taken from the loan proceeds used in the property settlement on the buyer side. The median loan value is reported for all residential property settlements with a new loan. It should be noted that the total loan value issued by the lender may differ from the loan value used in our calculation. This would be the case, for instance, if a buyer borrows additional funds, beyond what was required to fund the purchase. For example, if a buyer requires \$400K to settle the purchase of a property (after accounting for any deposit), but decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our calculation would use the \$400K loan proceeds used in the initial settlement and not the \$450K total loan value.

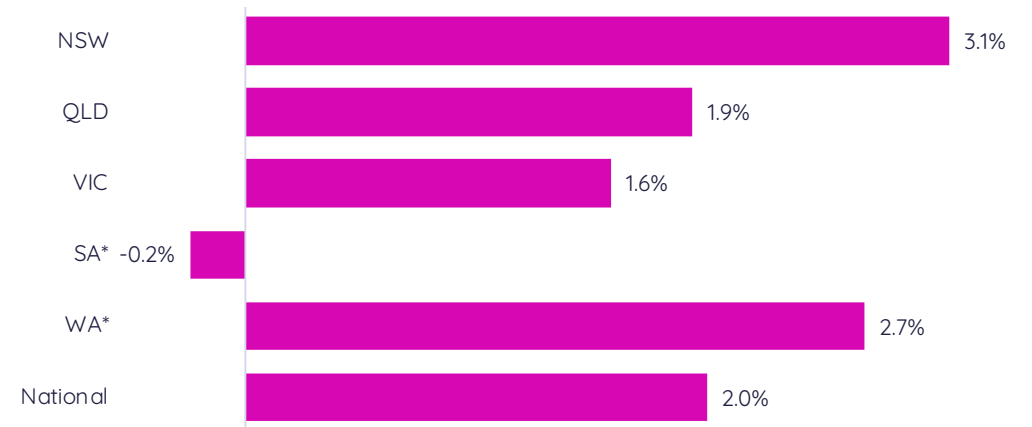
The Major banks increased their market share for residential new loans in FY23 in all states except SA

The Major banks grew their share of new loans the most in NSW (up 3.1% in FY23) followed by WA (up 2.7% in FY23)

RESIDENTIAL NEW LOANS, MARKET SHARES, FY23



RESIDENTIAL NEW LOANS CHANGE IN MARKET SHARE FY22-23, MAJORS



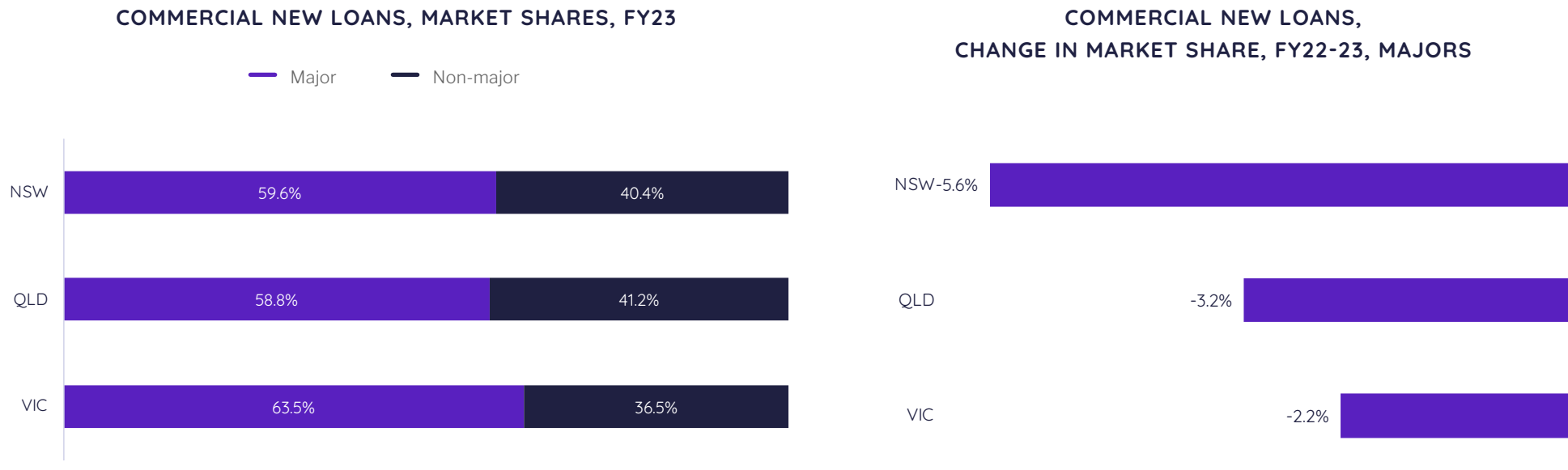
Of the 117,529 new loans written in NSW in FY23, 67.3% were issued by Major banks, equating to 79,097 new loans throughout the year. The Major banks market share for new loans increased by 3.1% compared to FY22 in that state.

Source: PEXA

Note: Figures shown for WA & SA include both residential and commercial new loans. Major banks' includes ANZ, NAB, Westpac and CBA and include all of their respective sub-brands and subsidiaries. This market share analysis only includes new loans taken out in FY23 (excludes any loans taken out in previous years.)

The Non-major banks increased their market share of new commercial loans in FY23 in all eastern states

This was particularly the case in NSW where the Major banks ceded their share by 5.6% during the year



Source: PEXA

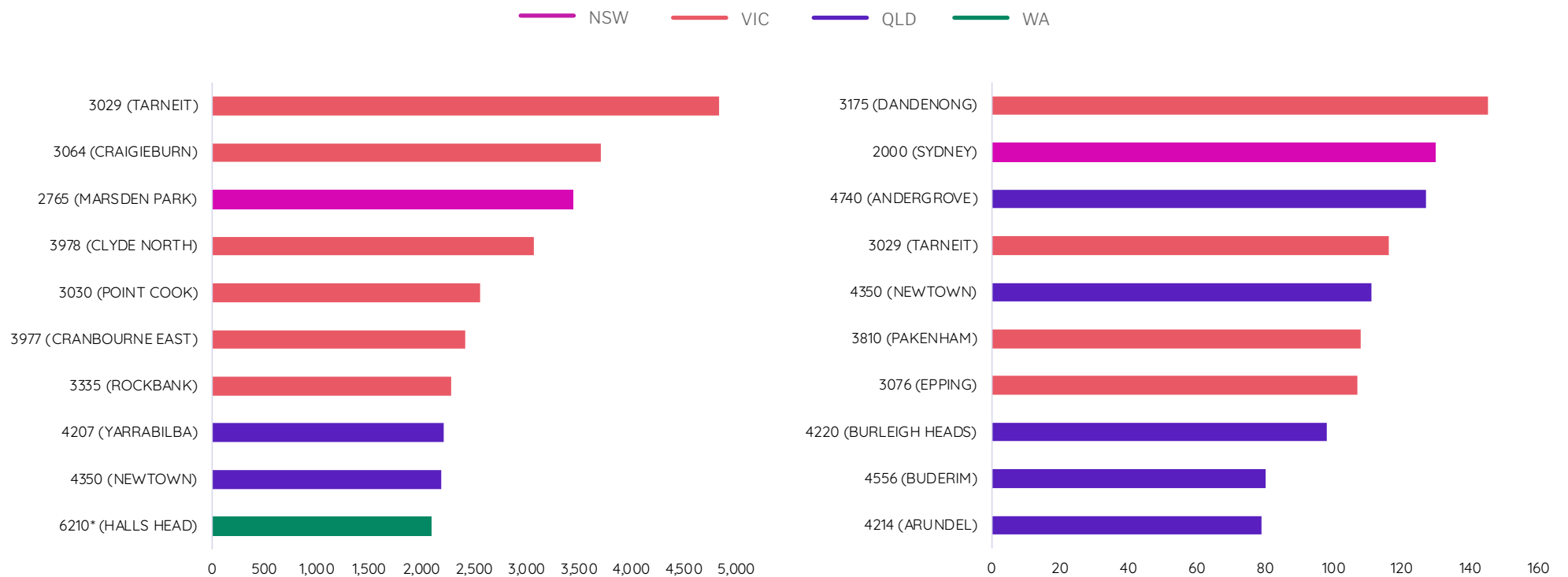
Note: Figures shown for WA & SA include both residential and commercial new loans. Major banks' includes ANZ, NAB, Westpac and CBA and include all of their respective sub-brands and subsidiaries. This market share analysis only includes new loans taken out in FY23 (excludes any loans taken out in previous years.)

Postcode 3029 (Tarneit) recorded the most residential new loans in FY23 at over 4.8K

Postcode 3175 (Dandenong) topped the nation for the most commercial new loans at 145 in FY23

TOP 10 POSTCODES FOR RESIDENTIAL NEW LOANS, FY23

TOP 10 POSTCODES FOR COMMERCIAL NEW LOANS, FY23



Source: PEXA

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

* Figures shown for WA & SA include both residential and commercial new loans

Refinances



REFINANCES, TOTAL VOLUME, FY23

VIC recorded over 150K refinances in FY23, the most of any state

All states recorded higher volumes of refinances in FY23

WA experienced the highest growth in refinances in FY23, up 29.5% to 45,965. SA (+19.4%), QLD (+17.4%) and VIC (+14.7%) also exhibited high year-on-year growth.

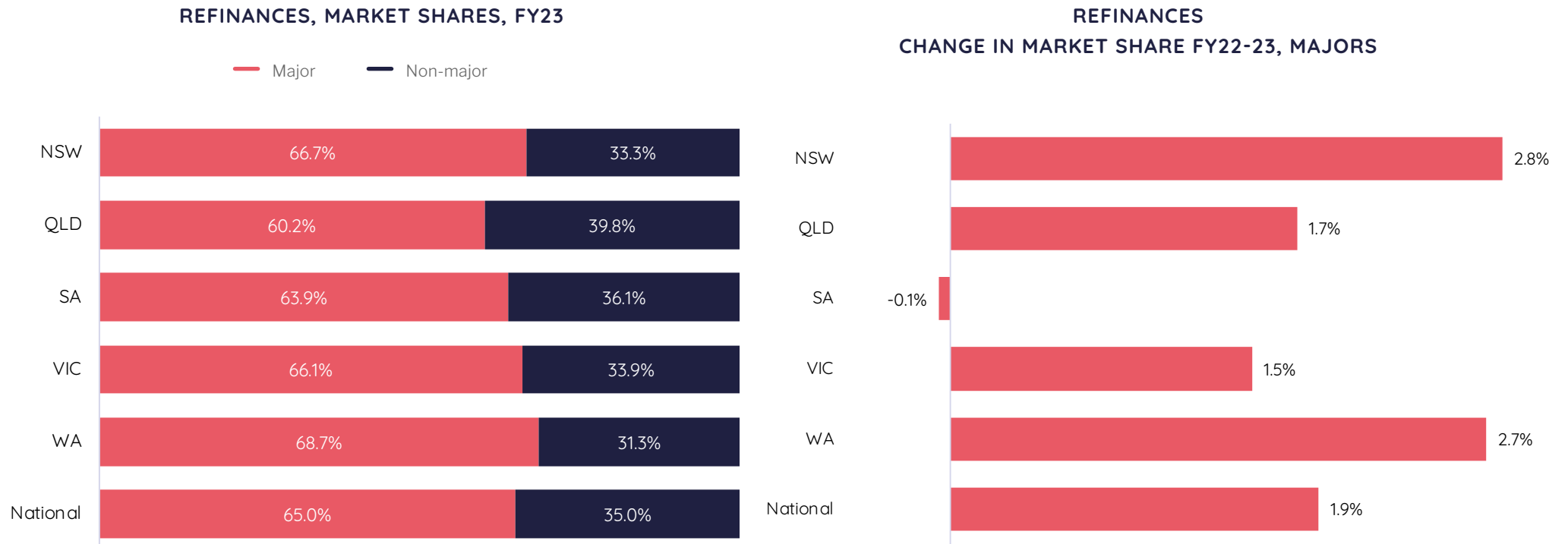


Source: PEXA

Note: Analysis includes both residential and commercial refinances

The Major banks held a leading market share position for refinances across all states in FY23

Their market share was highest in WA (68.7%) and lowest in QLD (60.2%)



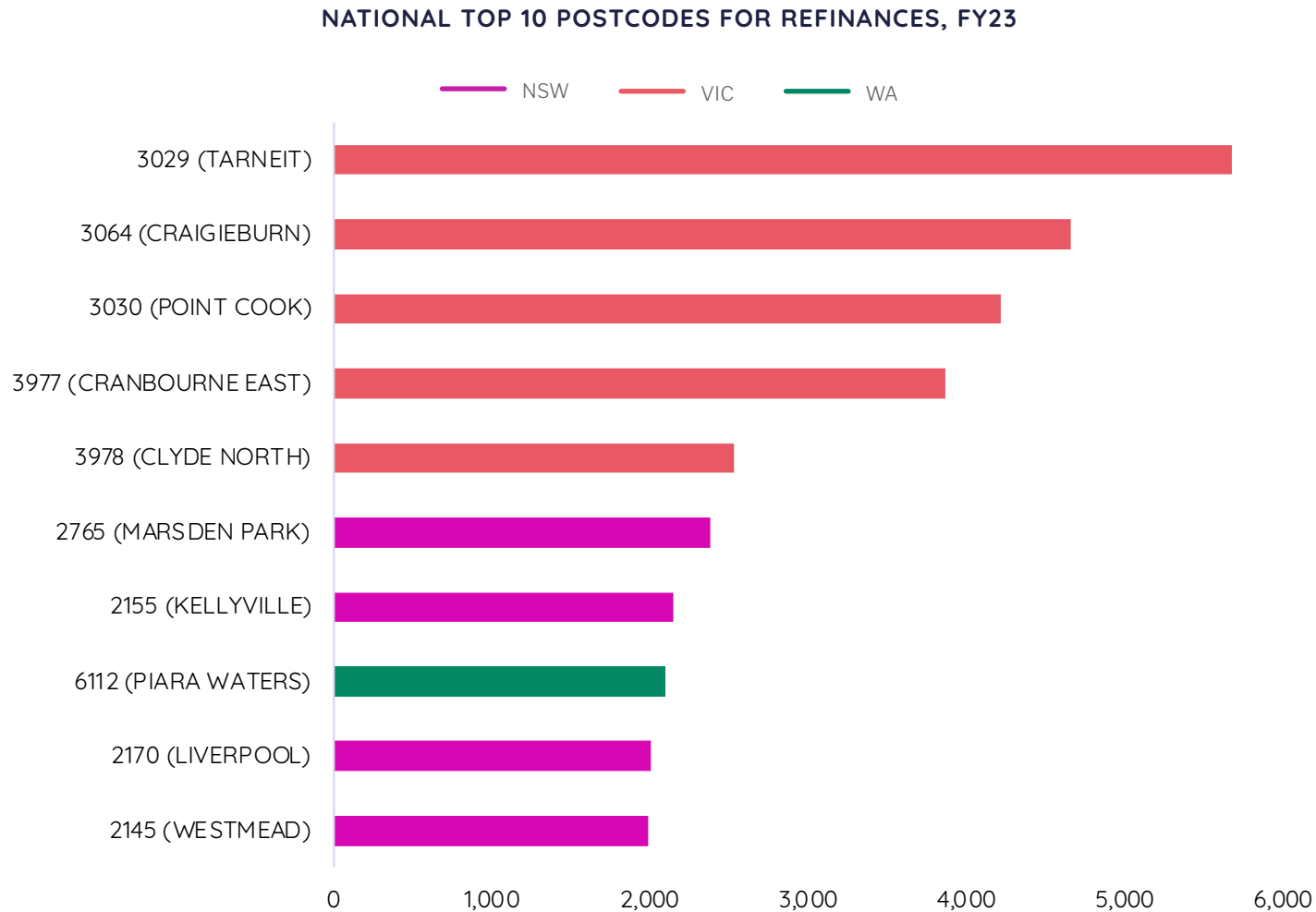
Major banks made market share gains for refinances in FY23 in all states bar SA. This was particularly the case in NSW (+2.8%) and WA (+2.7%). These gains were driven in large by the attractive incentives offered by Major banks during the year, including cash back offers of up to \$4K by some lenders. In VIC, which recorded the highest volume of refinances in FY23 (150,592), the Majors commanded a market share of 66.1% (up 1.5% on FY22).

Source: PEXA

Note: Analysis only includes properties settled digitally through PEXA. Refinances include both residential and commercial property. 'Major banks' include their sub brands and subsidiaries unless otherwise stated. This market share analysis only includes refinances completed in FY23 (excludes any refinances from prior years.)

Postcode 3029 (Tarneit) topped the country with the most refinances in FY23

Over 5.6K refinances were recorded in postcode 3029 during the year

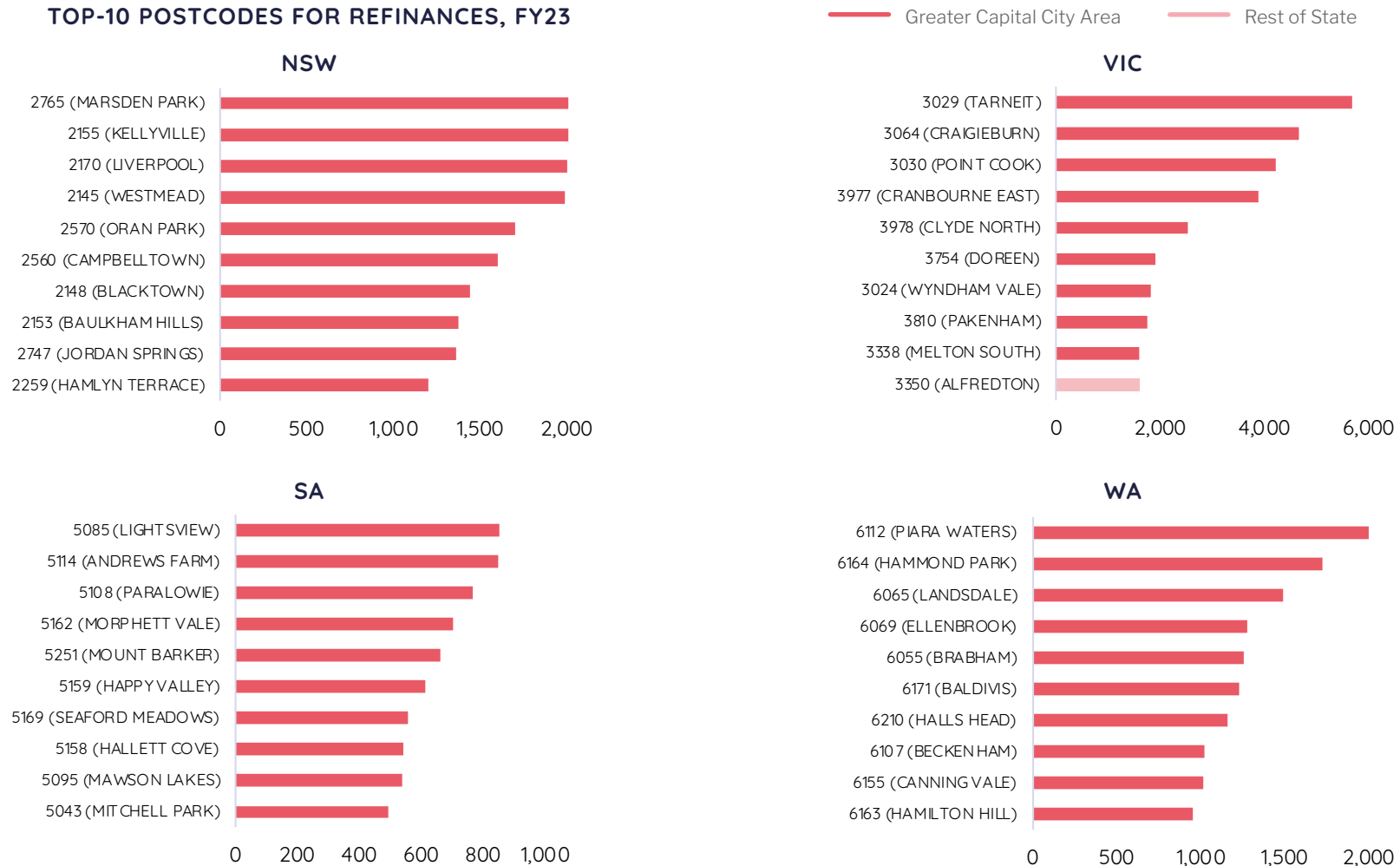


Source: PEXA

Note: Analysis not available for QLD. Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

Across NSW, VIC, SA and WA, metropolitan postcodes saw the highest refinancing activity

The only regional postcode to make the top-10 was 3350 (Alfredton) in Ballarat in regional Victoria



Source: PEXA

Note: Analysis not available for QLD. Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

For further enquiries and details about this report,
our insights offering or PEXA Data, please contact:



research@pexa.com.au



www.pexa.com.au/insights

