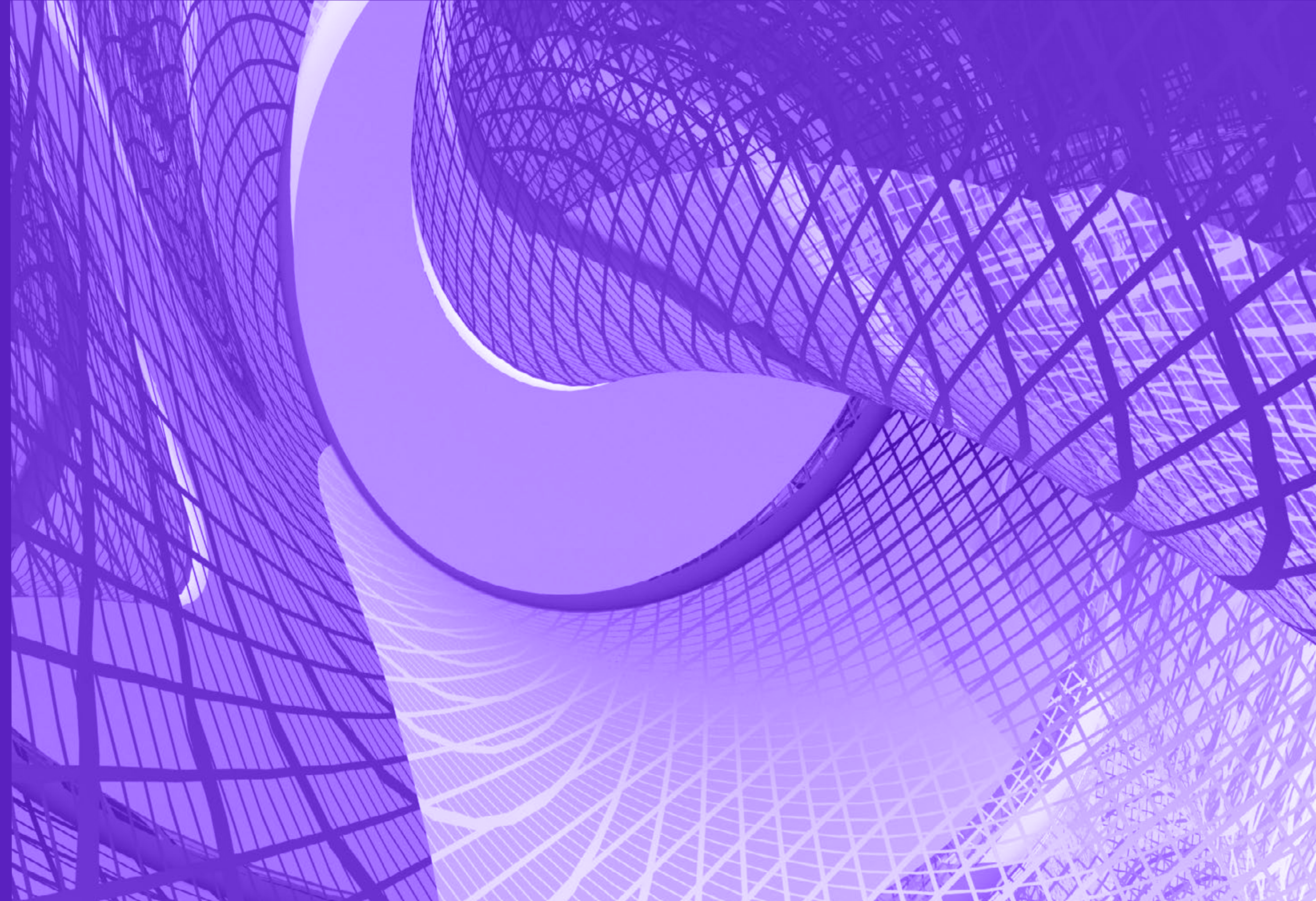


# PEXA Mortgage Insights Report

CALENDAR YEAR 2023





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# New loans declined in CY23, whilst property refinances rose

**Mike Gill**  
Head of Research, PEXA



\$300.9B was borrowed in CY23 to fund the purchase of property, which was down 12.7% on the previous year. The fall in new loans was driven by a softer market, impacted by lower sale settlement volumes and prices compared to CY22. This resulted in a total of 461,979 new loans being issued nationally in CY23.

The fall in new loans contrasted with the growth in property refinances which were up 11.4% on CY22. \$220.4B worth of property loans were refinanced in CY23. Five official interest rate rises over the course of the year spurred property owners to refinance their mortgages, totalling 452,025 refinances nationally. Whilst all mainland states enjoyed significant growth in refinances in CY23, a notable decline was observed in the final quarter of the year, suggesting refinancing activity may have peaked in line with the interest rate cycle.

## New Loan Highlights

- > NSW recorded the highest value of new loans in CY23. \$109.5B was borrowed in the state in CY23, with VIC second with \$84.1B.
- > Median residential new loan values fell in NSW and VIC for the first time since the pandemic. The median loan value in NSW dropped to \$647K, and in VIC the median fell to \$497K in CY23. These declines signalled a slight improvement in affordability.
- > WA proved to be the most resilient market for new loans. The state recorded 63,059 new loans in CY23, which was only 5.2% down on CY22, and contrasted to the larger declines observed in other states.

## Refinance Highlights

- > NSW led the nation on a value basis, with \$79.6B of mortgages refinanced in the state in CY23. VIC was a close second with \$71.9B.
- > VIC logged 148,368 refinances in CY23, the most of any state. This was up 10.0% on CY22 and ahead of NSW in second place with 134,934.
- > WA exhibited the strongest growth in refinances in CY23. The state posted 47,491 refinances, up 20.7% on the prior year.

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.

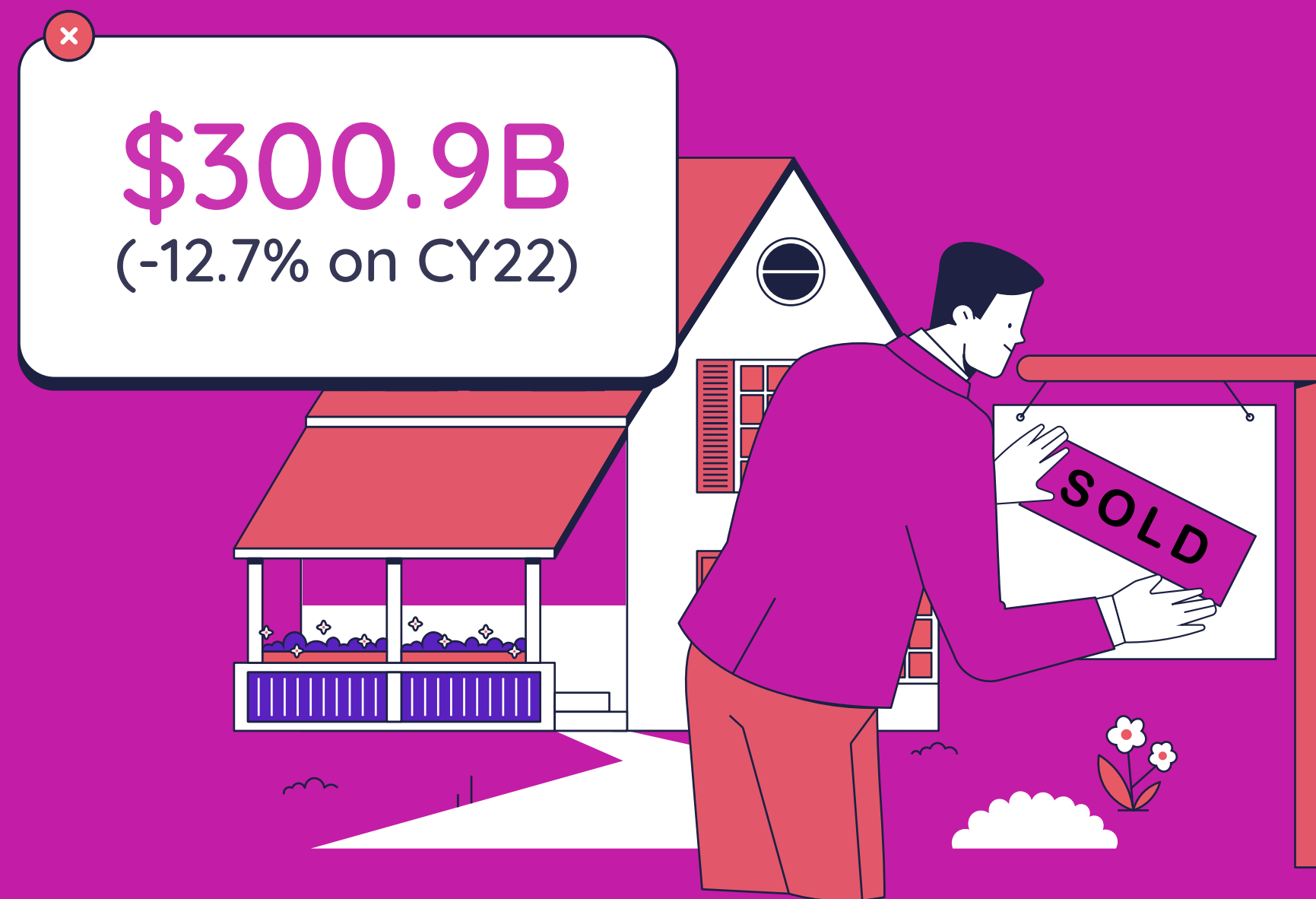
In this report, property settlements that are funded with a loan are defined as a 'new loan', regardless of whether a new or existing loan facility is used. Refinances include the refinancing of loans with a different lender. They exclude internal refinancing of a loans with the same lender.



Over \$300B of new loans were issued in CY23 to fund the purchase of property

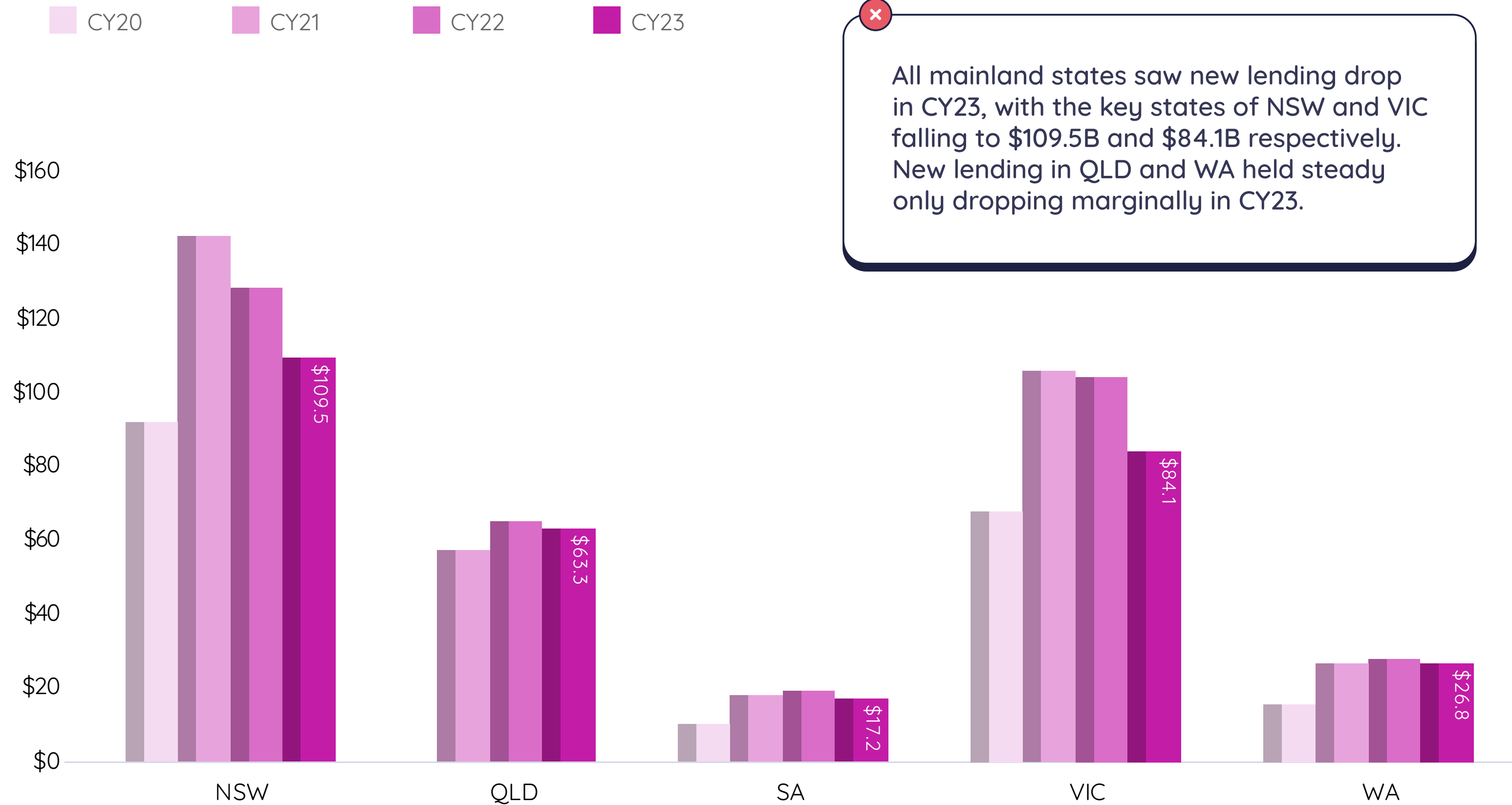
This was down 12.7% on the previous year, mainly driven by lower sale settlement volumes

Total value of New Loans, National, CY23  
(includes Residential & Commercial loans)



**Note:** Data not available for CY20 in QLD.  
**Source:** PEXA

Total value of New Loans, National, CY23  
(includes Residential & Commercial loans)



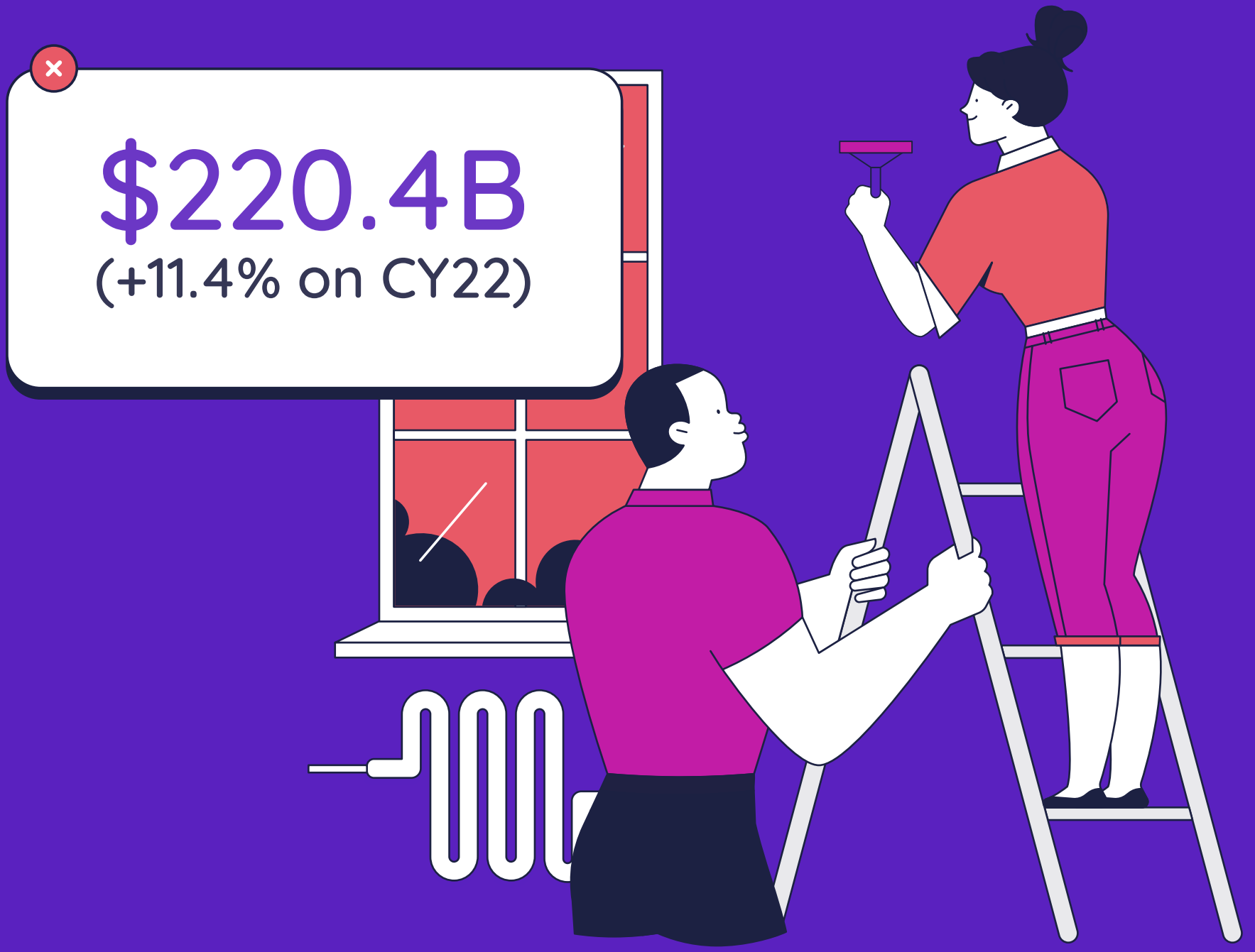
All mainland states saw new lending drop in CY23, with the key states of NSW and VIC falling to \$109.5B and \$84.1B respectively. New lending in QLD and WA held steady only dropping marginally in CY23.

A total of \$613.0B of property was purchased nationally in CY23. Buyers borrowed \$300.9B in new lending to fund these purchases, with the remaining \$312.1B contributed with cash (via deposits or outright cash purchases).

# Property owners refinanced over \$220B of loans in CY23

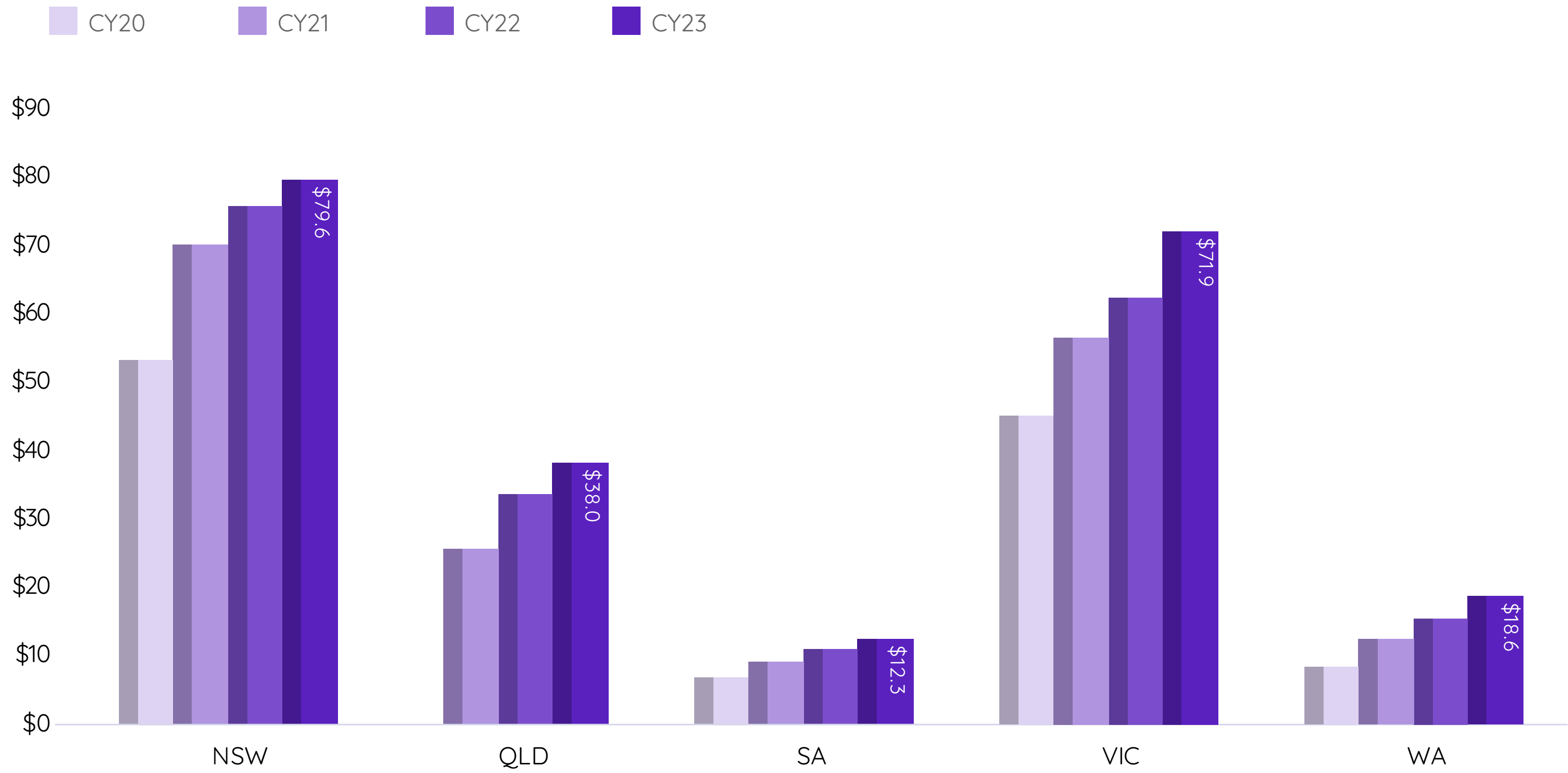
Refinances grew strongly in CY23, with all states posting large increases on CY22

Total value of Refinances, National, CY23 (includes Residential & Commercial loans)



Note: Data not available for CY20 in QLD.  
Source: PEXA

Total value of Refinances, National, CY23 (includes Residential & Commercial loans)



The growth in the value of property refinances (+11.4% on CY22) contrasted to new lending that declined by 12.7% over the same period. Rising interest rates served to dampen buyer demand, whilst motivating existing owners to switch lenders to secure a better deal on their home loan. Further, many owners who had taken advantage of low fixed rate loans offered by lenders during the onset of the pandemic, rolled off these loans in CY22 when the loan term expired.

NSW (\$79.6B) and VIC (\$71.9B) saw the highest total value of refinances throughout the year.



# New Loans

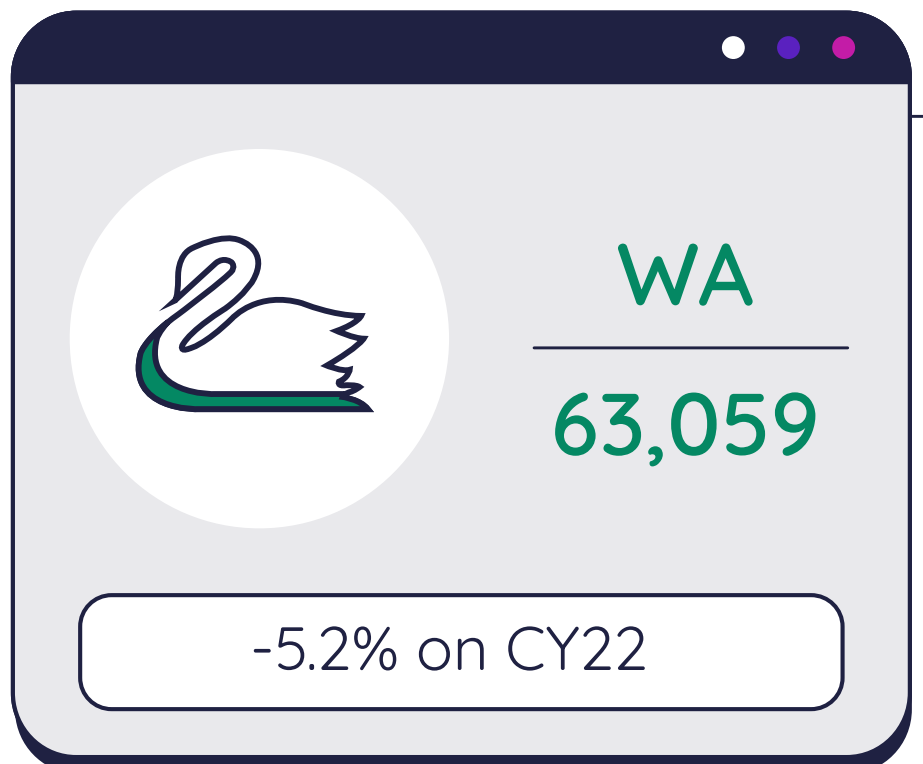
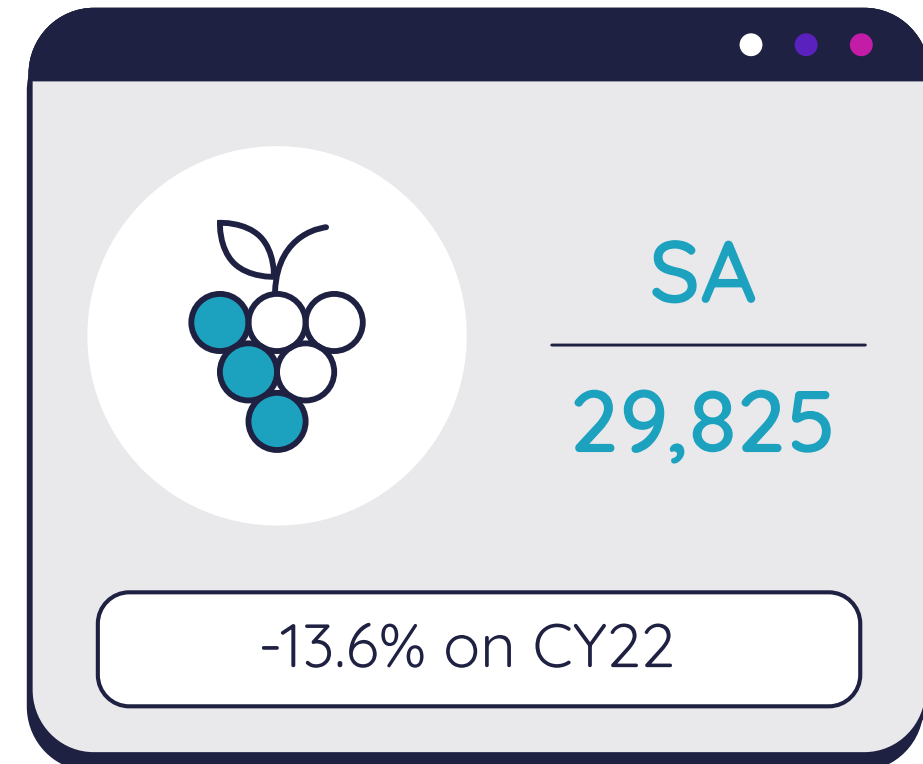
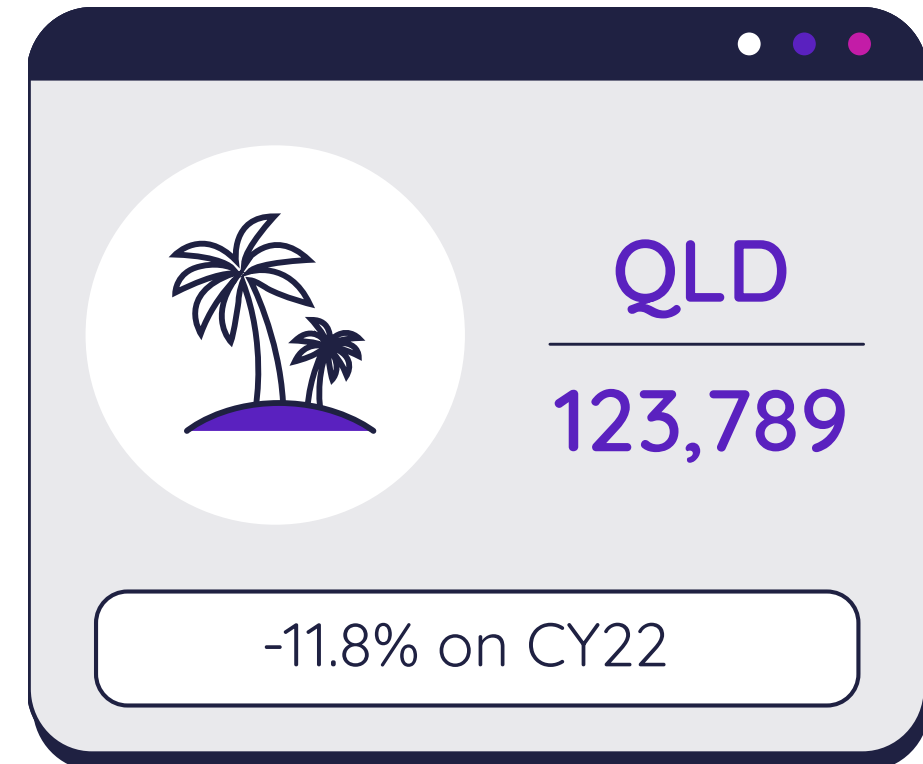
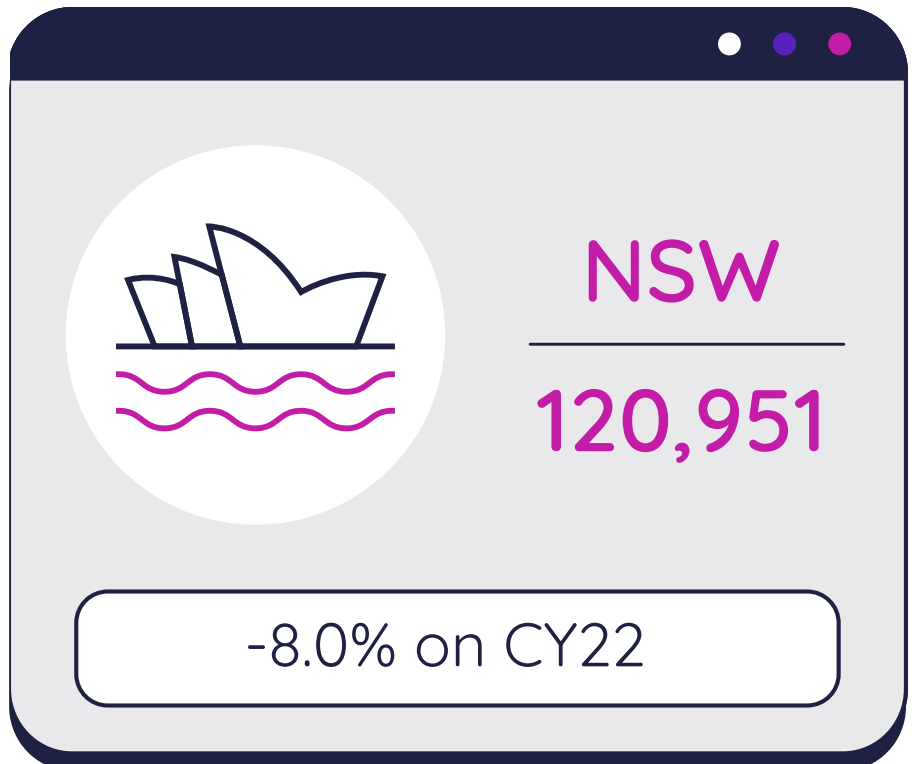
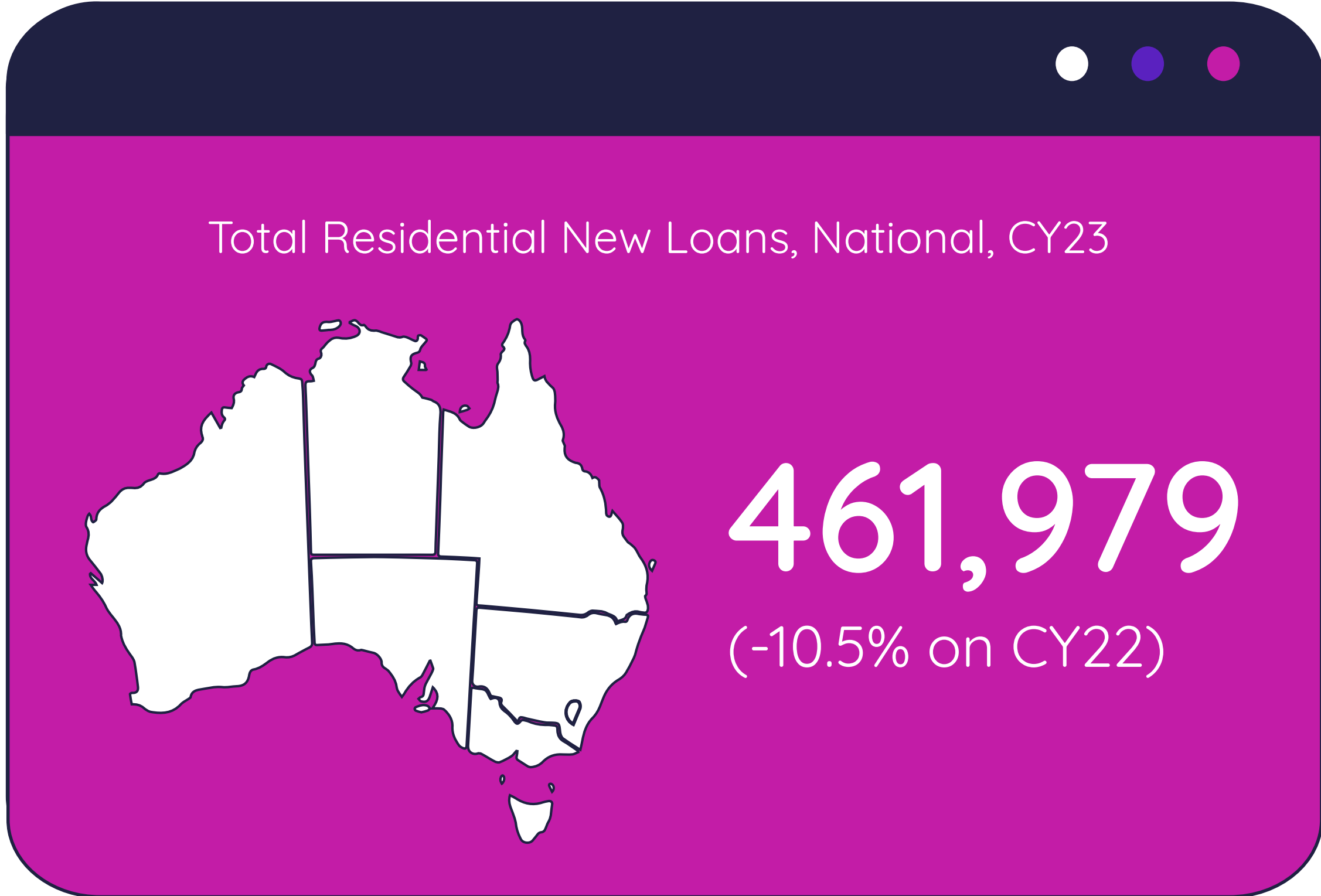




# Residential new lending fell in all states

VIC saw the sharpest decline, with new loan volumes falling 13.2% year-on-year to 124,355

Residential new loans, CY23, total volume



New loans in WA fell the least, down 5.2% on CY22, as the property market in the state continued to outperform the rest of the country.

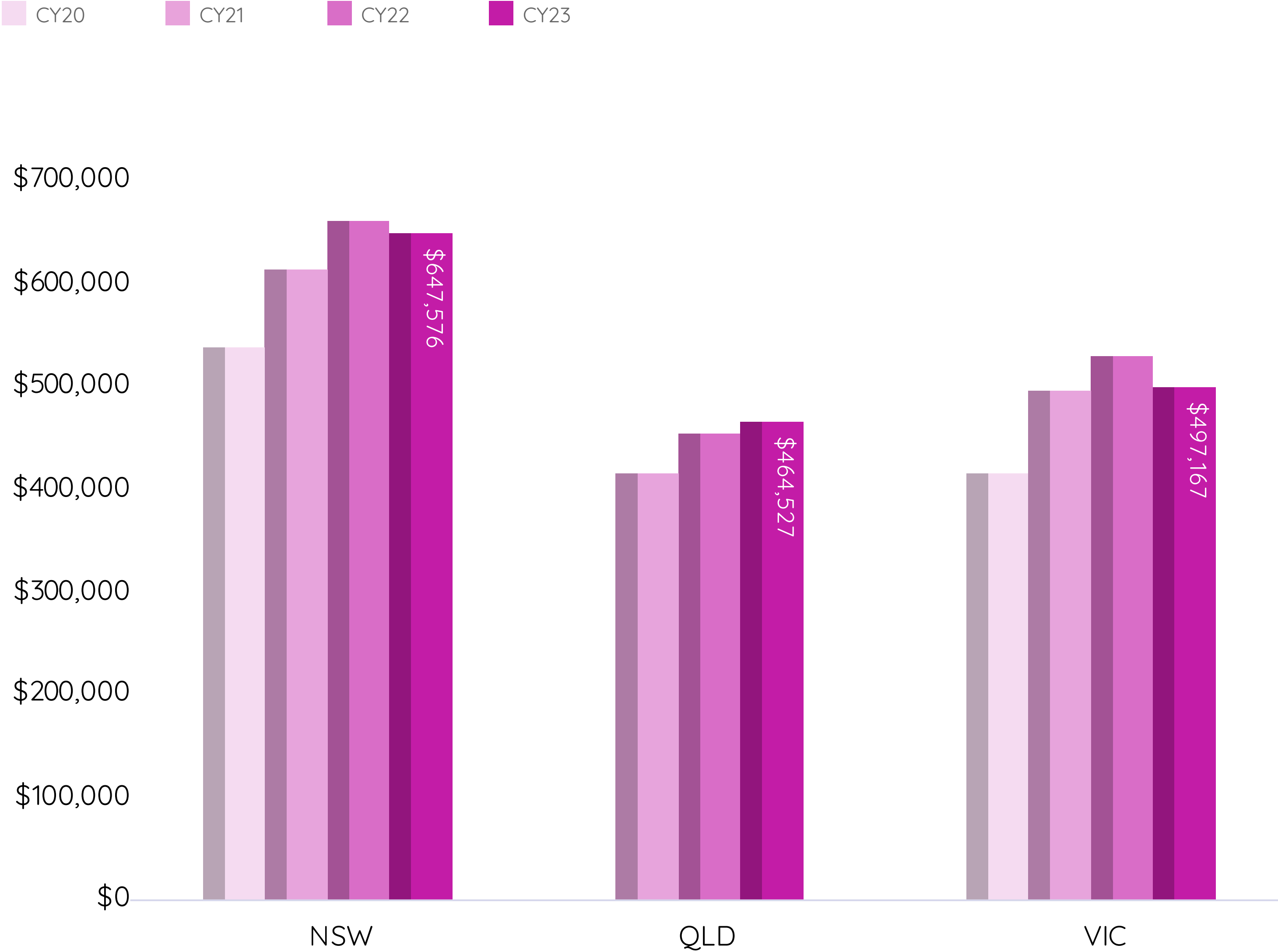
Source: PEXA

# Median loan values fell for the first time since the pandemic

NSW and VIC recorded lower median loan values for residential new loans in CY23, compared to the prior year

The median loan value in NSW dropped to \$647K, and in VIC the median fell to \$497K. These declines indicated a slight improvement in affordability, with buyers borrowing lesser amounts to fund purchases. However, in QLD the median loan value in CY23 increased to over \$464K as the state recorded the highest volume of sale settlements of any state during the year.

### Median loan value for residential new loans



Source: PEXA

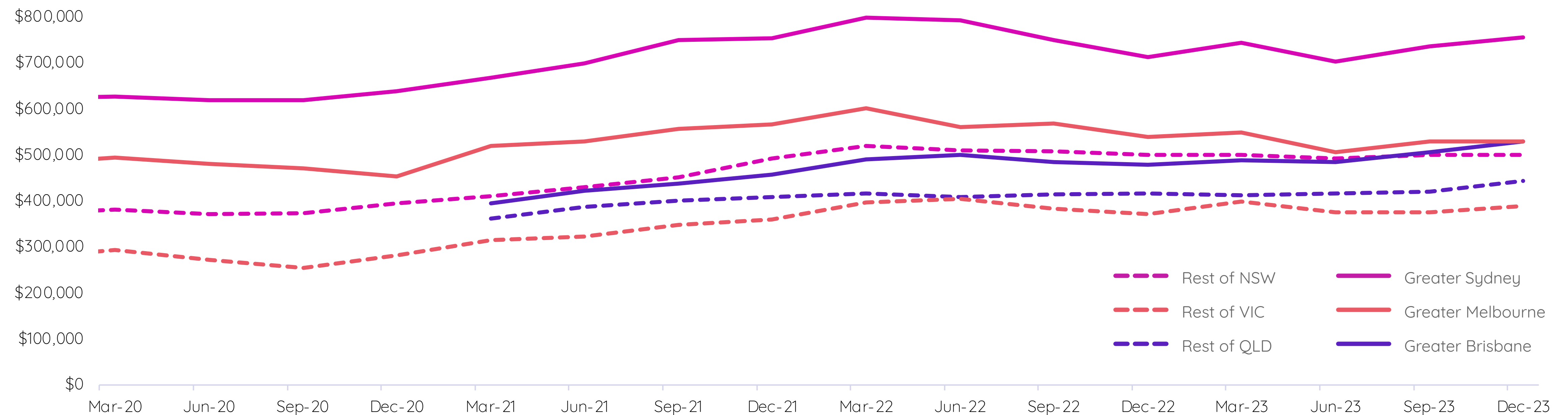


# Median loan values picked up in Sydney and Brisbane in the later stages of CY23

Both cities experienced loan value growth in the second half of CY23

Sydney's residential median loan value rose to over \$756K in the Dec-23 Qtr, trending just below the record high of \$799K achieved in the Mar-22 Qtr. Median loan values in Brisbane and regional QLD hit record highs in the Dec-23 Qtr (at over \$528K and \$443K respectively)

Median loan value for residential new loans, quarterly



**Note:** analysis not available for WA & SA and for CY20 in QLD.  
**Source:** PEXA

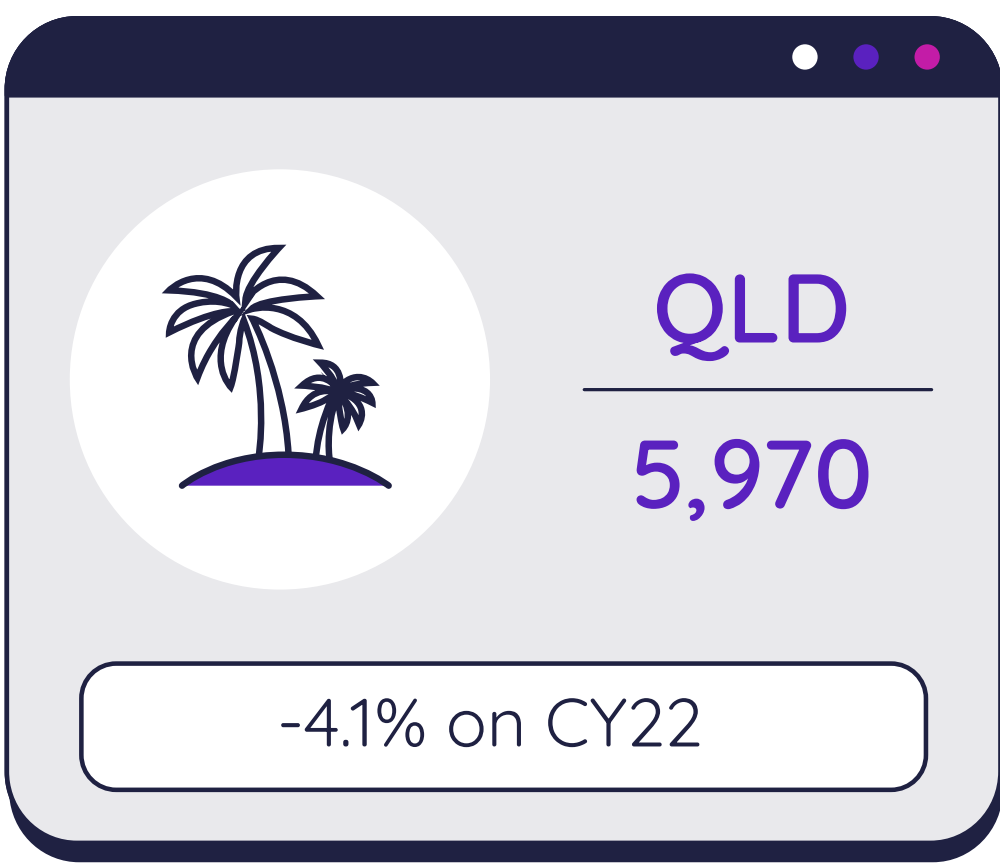
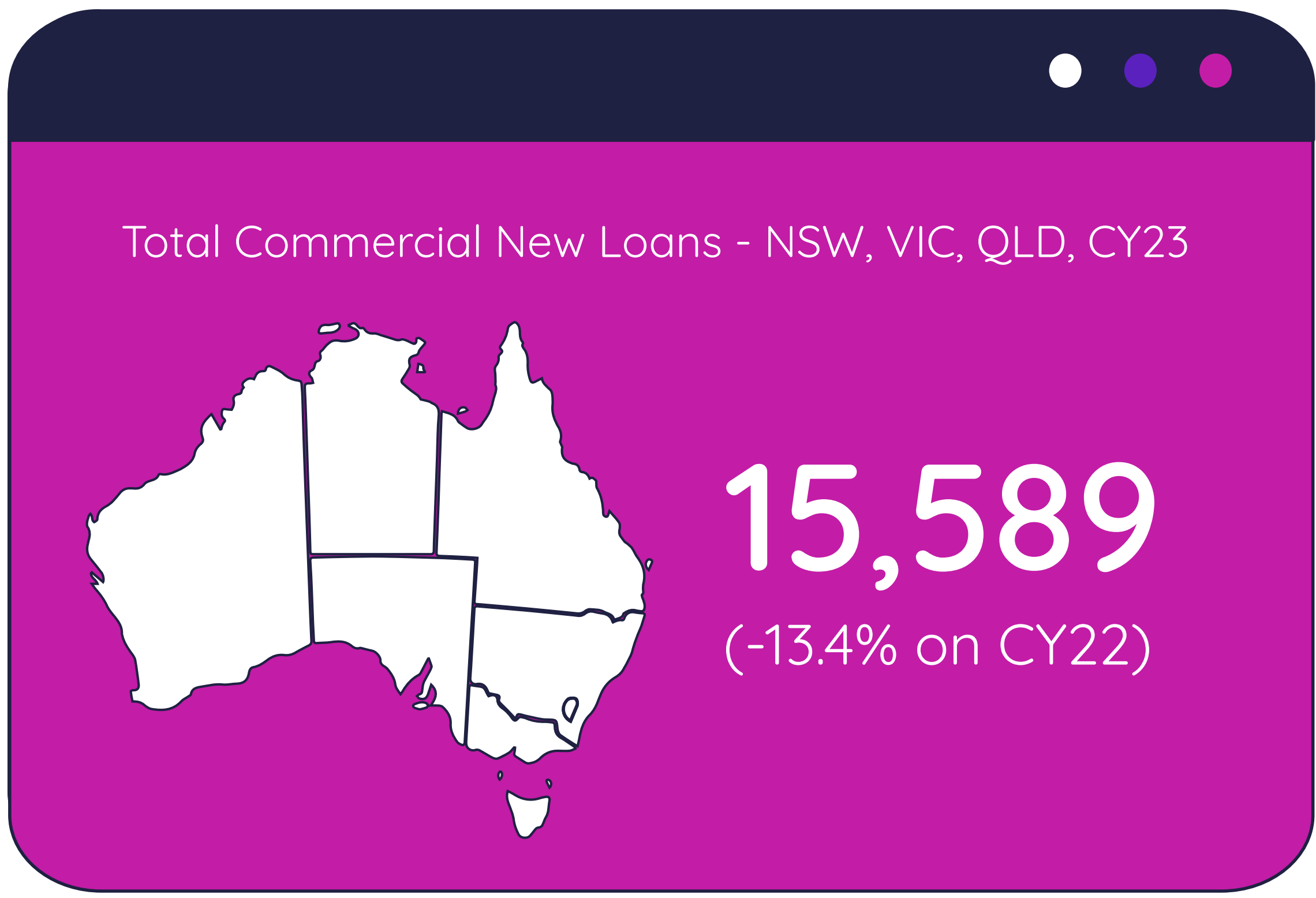
The **Median loan amount** is taken from the loan proceeds used in the property settlement on the buyer side. The median loan amount is reported for all residential property settlements with a new loan. It should be noted that the total loan amount issued by the lender may differ from the loan amount 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), and decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our calculation uses the \$400K loan proceeds used in the initial settlement and not the \$450K total loan amount.



# Commercial new lending also fell in CY23, down 13.4% across the eastern states

Large declines in the volume of commercial new loans was experienced in NSW (-20.7%) and VIC (-16.3%)

Commercial new loans, CY23, total volume



QLD recorded the most commercial new loans, with 5,970 in CY23. This was ahead of VIC on 5,399 and NSW on 4,220.

Note: analysis not available for WA and SA  
Source: PEXA

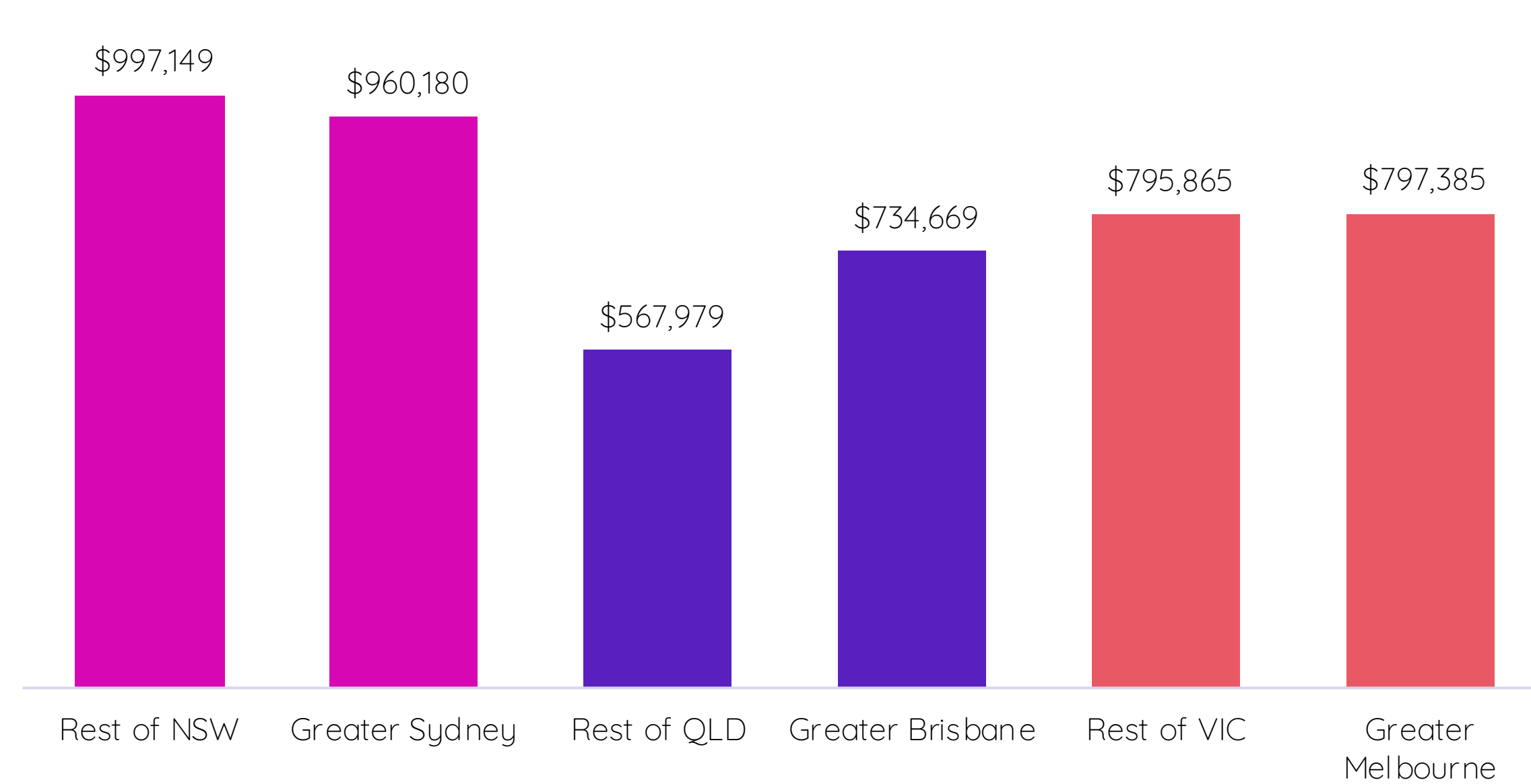


# Commercial median loan values declined in NSW and VIC

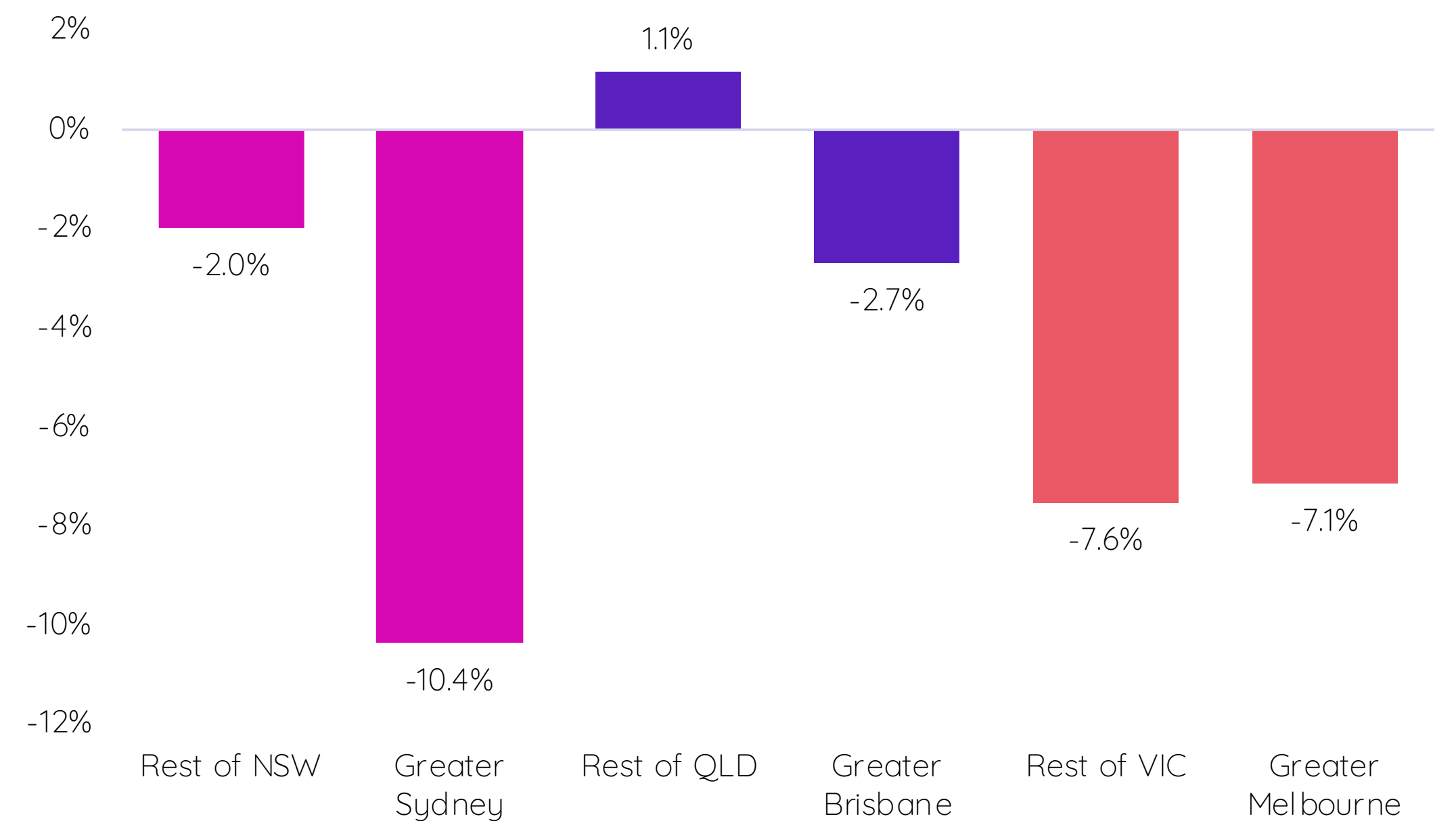
However, the median increased slightly in Brisbane in CY23 (up 1.1%)

The biggest fall in median new loan values were observed in Greater Sydney, which dropped 10.4% in CY23 compared to the prior year.

Median loan value for commercial new loans, CY23



Median loan value for commercial new loans, growth CY22/CY23 (%)



**Note:** analysis not available for WA and SA  
**Source:** PEXA

The **Median loan amount** is taken from the loan proceeds used in the property settlement on the buyer side. The median loan amount is reported for all residential property settlements with a new loan. It should be noted that the total loan amount issued by the lender may differ from the loan amount 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), and decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our calculation uses the \$400K loan proceeds used in the initial settlement and not the \$450K total loan amount.





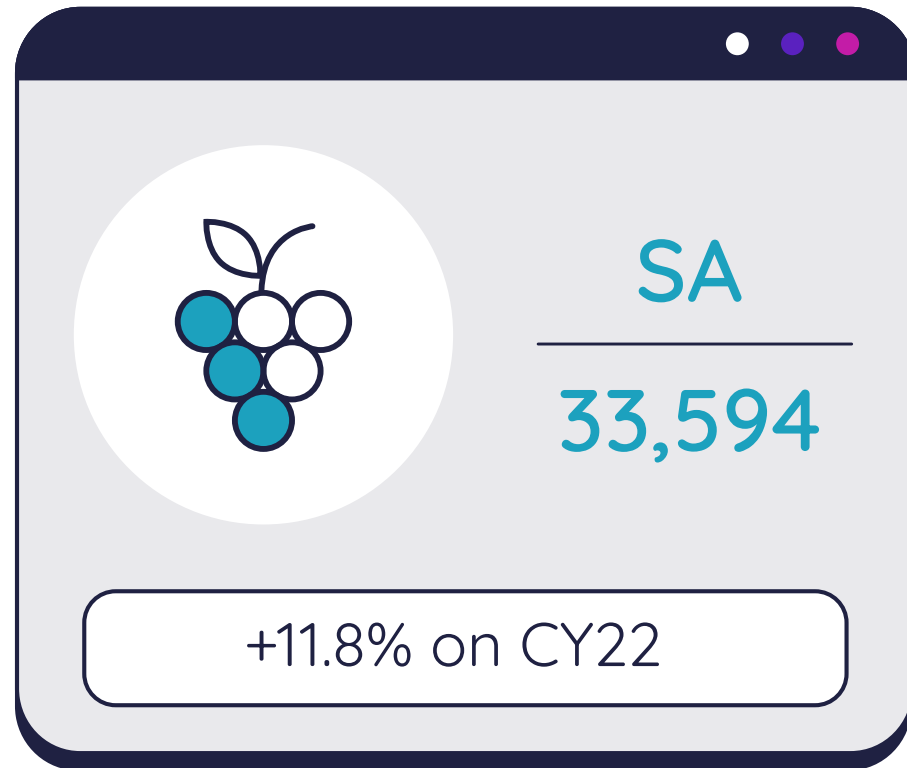
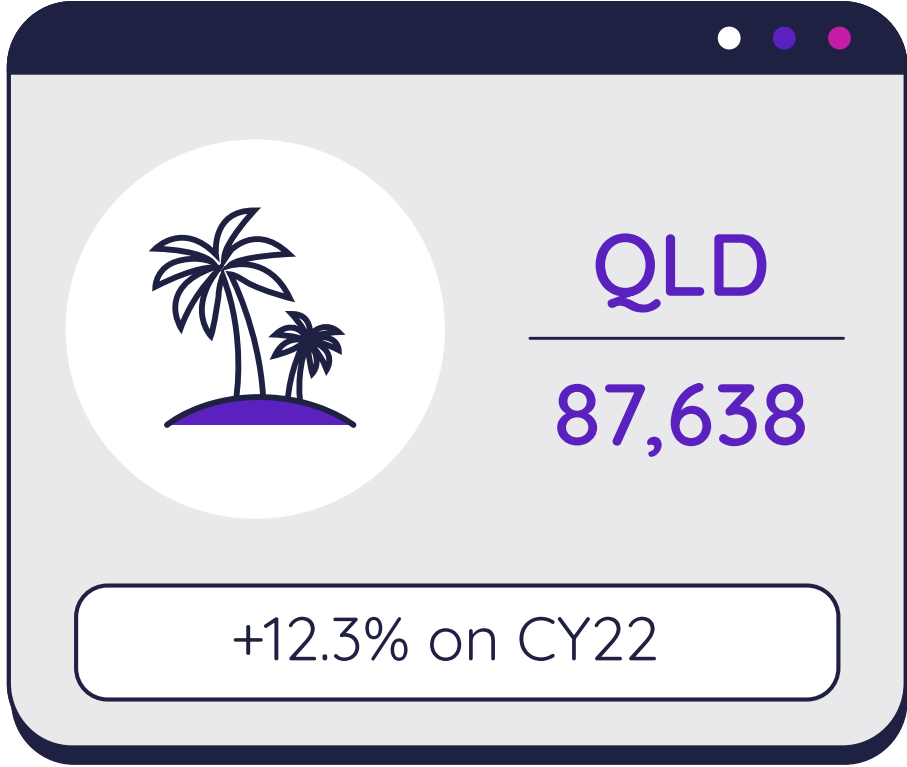
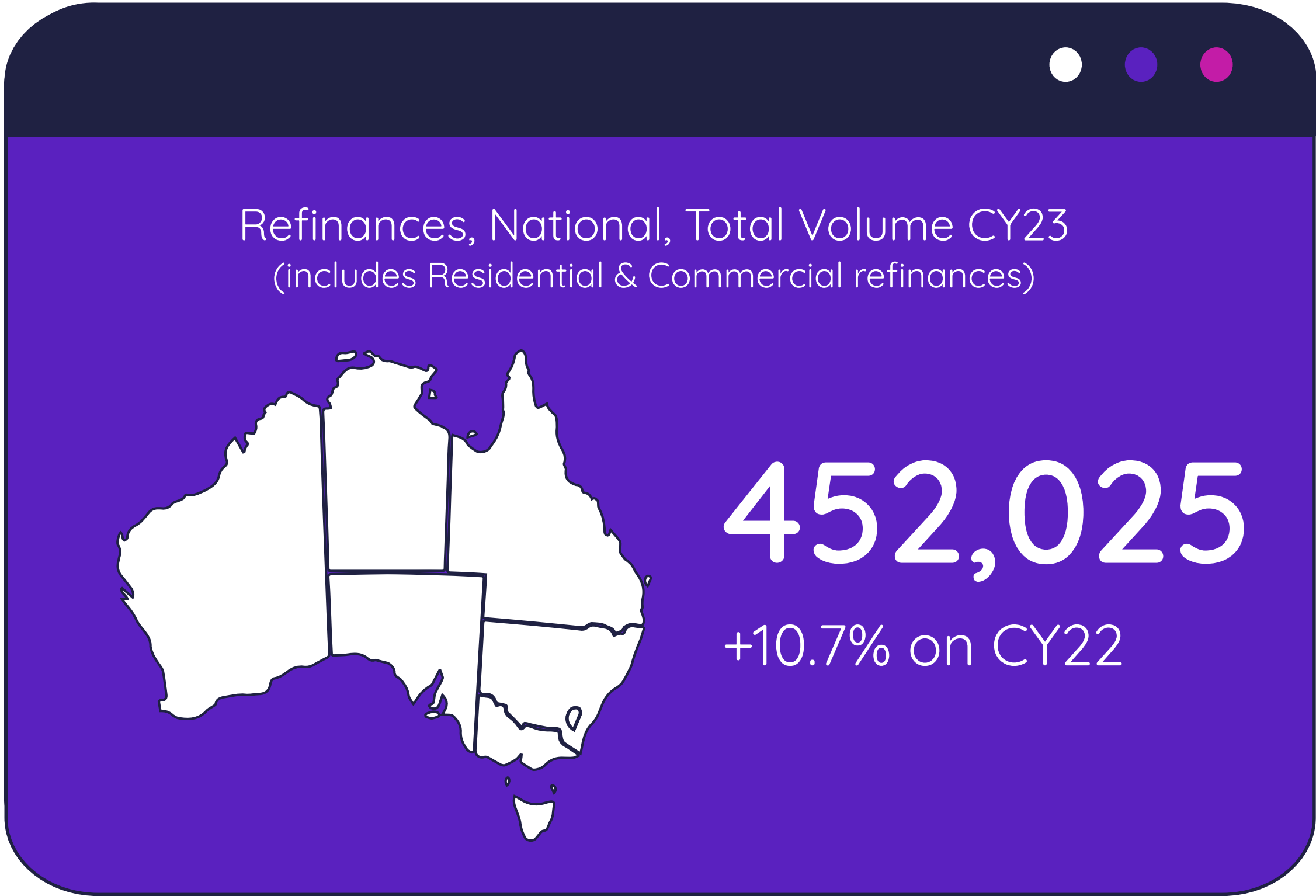
# Property Refinances



# Nationally, over 452K refinances were completed in CY23

This was up 10.7% on the prior year

## Refinances, CY23, total volume



VIC recorded the most refinances nationally in CY23 at over 148K, whilst WA exhibited the strongest growth, up 20.7% on CY22.

**Note:** analysis includes both residential and commercial refinances.  
**Source:** PEXA

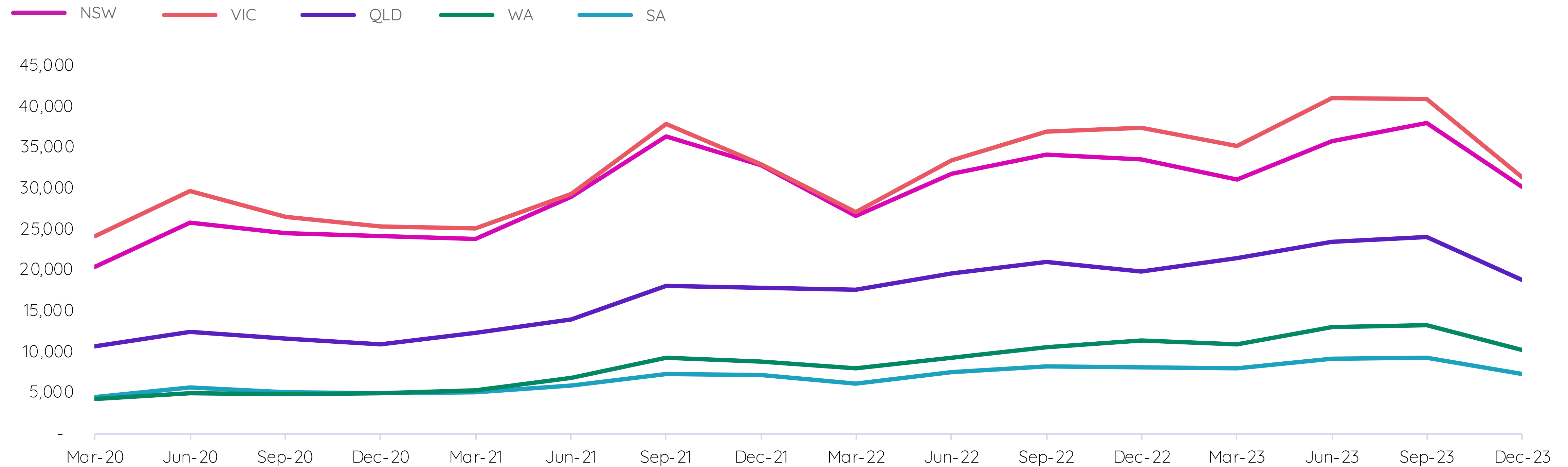


# Refinances experienced a notable decline in the Dec-23 Qtr

Whilst refinancing grew strongly throughout CY23, volumes in the final quarter fell below expectations

The reserve bank raised official interest rates by 0.25% to 4.35% in Nov-23, after pausing for the prior 3 months. Historically, rate rises stimulate refinancing activity as owners are motivated to look for a better deal on their home loan. However, the timing of the rate rise, being close to the end of the year, may have prevented many owners from being able to act before the Christmas break.

### Refinances, total volume, quarterly



**Note:** analysis includes both residential and commercial refinances.  
**Source:** PEXA





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