

PEXA On-Time-Settlement Report

JUNE 2022 QUARTER

 PEXA Insights



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A message from Marielle Yeoh



Marielle Yeoh
Chief Marketing, Corporate Affairs & Financial Institutions Officer

Welcome to the PEXA On-Time-Settlement report. This report aims to provide new insight into the on-time-settlement performance of participants in the Australian mortgage market.

Since its inception, the PEXA Exchange has transformed the way property is settled in Australia, providing a simple and efficient way to transfer ownership of property. As a world leading digital property exchange, PEXA is proud to help over 20K families settle their property each week.

This report is intended to provide useful and timely insights to optimise the settlement experience for all stakeholders involved in the transaction, and to help consumers move into their new home on time as planned.

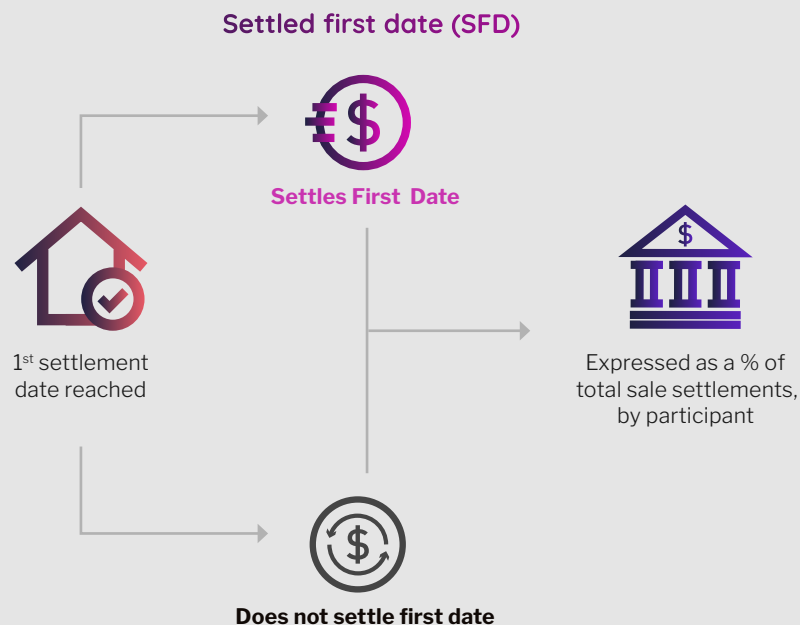
The report covers the 5 mainland states; New South Wales, Victoria, Queensland, Western Australia and South Australia, for both residential and commercial property (our analysis excludes TAS, ACT & NT). As of Mar-22, over 85% of sale settlements nationally were lodged via PEXA.

We hope you'll find the data and insights in this report valuable and that it delivers a new perspective for on-time-settlement performance in Australia. We always welcome your feedback – if you have any comments or ideas to contribute, please connect with us at research@pexa.com.au.

Our approach

In order to measure the on-time-settlement performance of participants involved in the settlement process, PEXA has developed a metric called **Settled First Date (SFD)**. This metric has been used to assess the performance of both lenders and practitioners (with practitioners being property lawyers or conveyancers).

SFD measures the percentage of total sale settlements for each participant group that successfully settled on the scheduled day via the PEXA Exchange. The metric is designed to align with buyers' expectations of taking possession of their new property on the agreed settlement date.



SETTLED FIRST DATE (SFD)

To most accurately represent the performance of participants, the SFD calculation only includes:

1. Settlements arising from a sale of a property (i.e. property transfers),
2. For lenders, where a lender is providing a mortgage to the buyer

SFD only counts a missed settlement once, e.g. if a property is due to settle on Monday, but settles on Wednesday after two missed attempts, it is counted as a single missed settlement.

The SFD calculation excludes:

1. Settlements that are not identified to be a sale (e.g., related party transfers, estate matters) and
2. Refinance settlements.

Importantly, SFD is only calculated for the participants on the 'buy' side of the transaction, it does not consider the lender or practitioner on the 'sell' side of the transaction.

Based on this, 95.0% of total sale settlements lodged in the PEXA Exchange over the 12-month period July-21 to Jun-22 qualified.

Key findings

Australian lenders were successful in settling 86.1% of property sales on the first date via the PEXA Exchange in the Jun-22 quarter, nationally.¹

Results varied by state, with lenders in Victoria recording the highest average at 87.6%, closely followed by Queensland on 87.4%. Lenders in South Australia trailed the other states with an average result of 81.0%. Nationally, practitioners achieved an SFD of 85.6%, which was similar to the lender result.

Notes on the report

We have shown the on-time-settlement performance of Australian lenders by grouping them into six lender segments and reporting averages for each segment.

1. **Major banks** (ANZ, CBA, Westpac & NAB)
2. **Major bank subsidiaries** (e.g. Bank of Melbourne, St George, Bankwest)
3. **Other domestic banks** (e.g. Suncorp, Macquarie Bank, Bank of Queensland)
4. **Customer owned banks** (e.g. Greater Bank, Beyond Bank and other credit unions)
5. **Foreign ADIs** (e.g. HSBC, Citibank, ING)
6. **Non-ADIs** (Non-bank lenders, e.g. Firstmac, Liberty Financial, Athena)

Whilst lenders are critical to the settlement process, a number of other stakeholders are involved including lawyers, conveyancers and consumers. Each group influences the outcome of a successful settlement and should be considered when interpreting the results in this report.



Nationally, customer-owned banks performed strongest, with an average SFD of 89.2%, followed by Foreign-ADIs on 88.2%.

These two lender segments held a leadership position in most states, although combined they made up 9.3% of the total settlements analysed in the June-22 quarter.

Major banks performed above the national average, settling 87.5% of properties on the first date. Major bank subsidiaries were slightly lower at 85.1%.

These two segments accounted for 62.8% of total settlements analysed in the Jun-22 quarter.

Non-ADIs recorded the softest result, averaging 79% of sales settled first date.

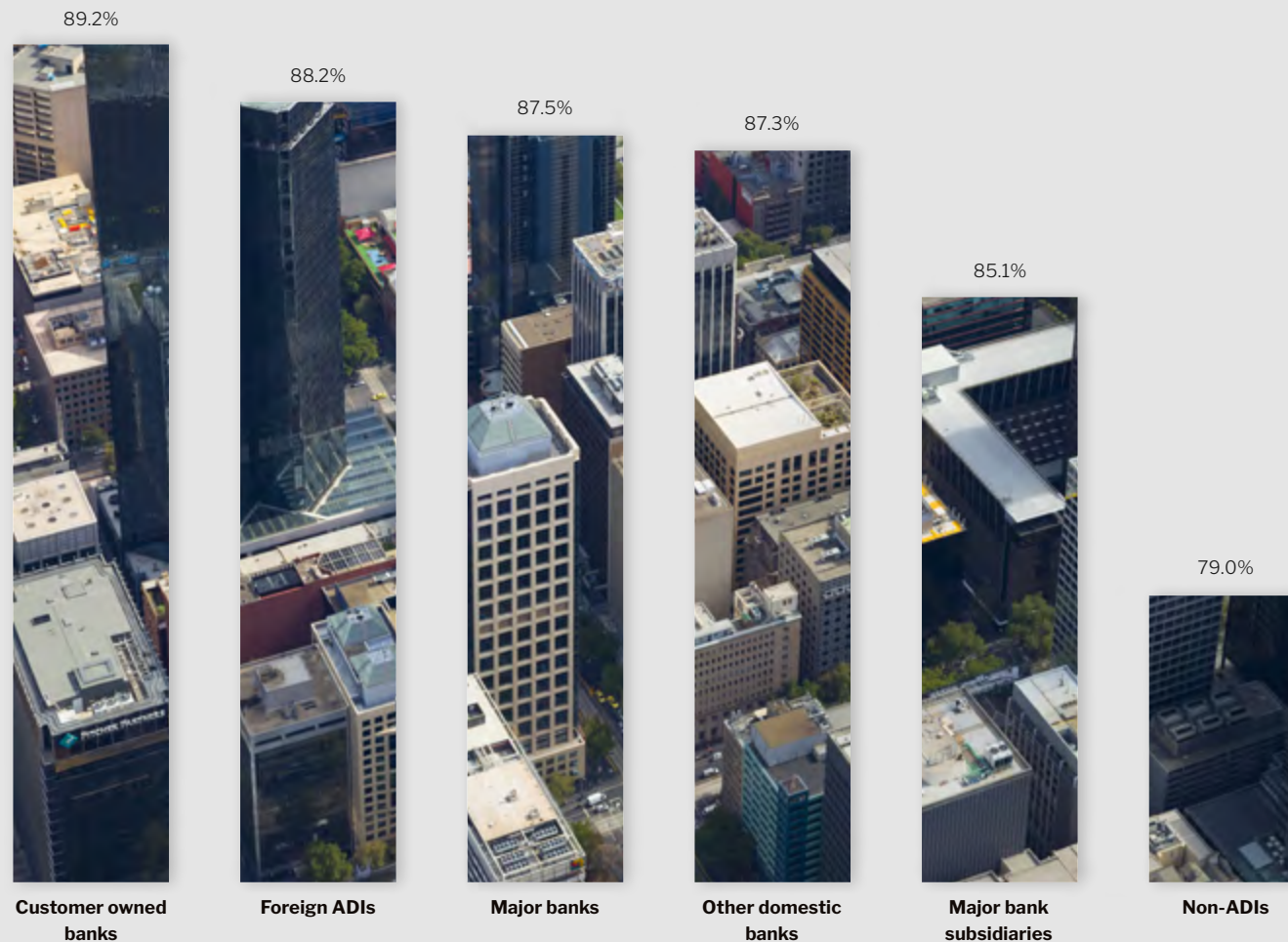
It should be noted that the majority of Non-ADIs outsourced elements of the settlement process, creating an additional link in the chain and increasing the likelihood of missed settlements.

¹ National refers to the 5 mainland states; New South Wales, Victoria, Queensland, Western Australia and South Australia.

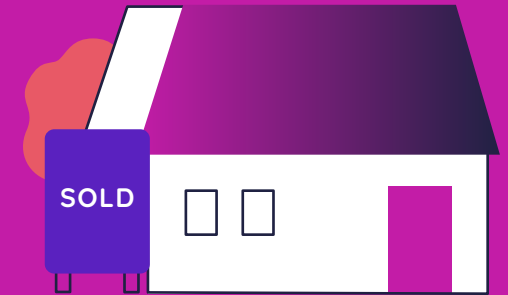
Customer-owned banks performed strongest nationally in the Jun-22 quarter achieving an SFD of 89.2%

Non-ADIs returned the lowest SFD for the quarter at 79.0%

SFD by Lender Segment, National, Jun-22 QTR



Source: PEXA



The national average for SFD in the Jun-22 qtr was **86.1%**

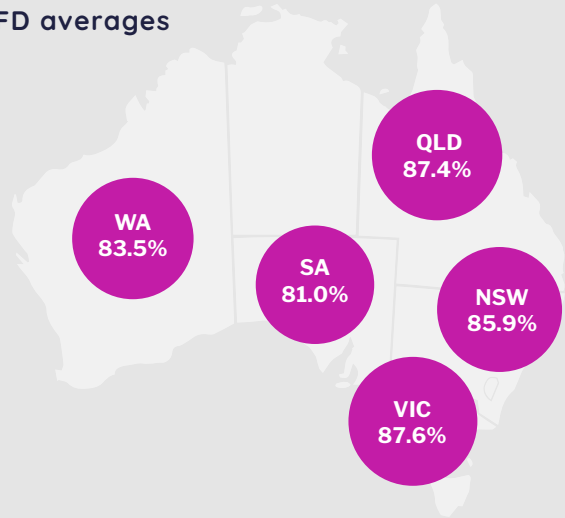


The total volume of settlements included in the SFD analysis for the Jun-22 quarter was **132,935**

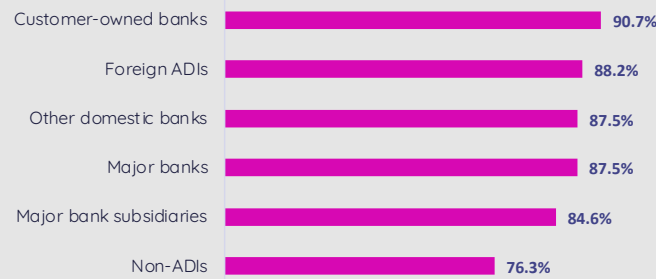
Customer-owned banks topped other lenders for SFD in NSW & WA in the Jun-22 qtr

Foreign ADIs led in VIC & SA, with Major banks ahead in QLD

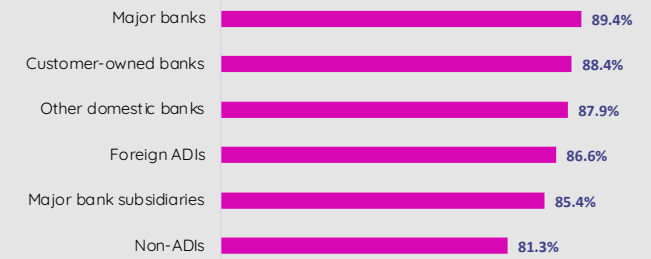
SFD averages



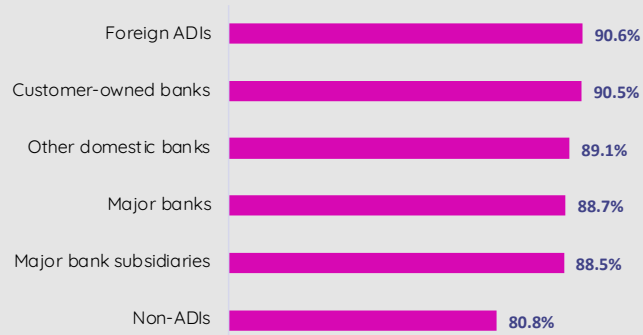
SFD by Lender Segment, NSW, Jun-22 Qtr



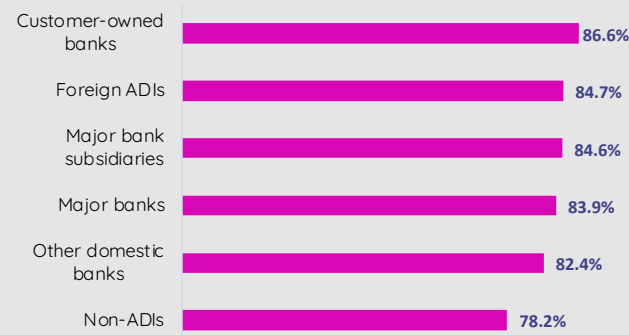
SFD by Lender Segment, QLD, Jun-22 Qtr



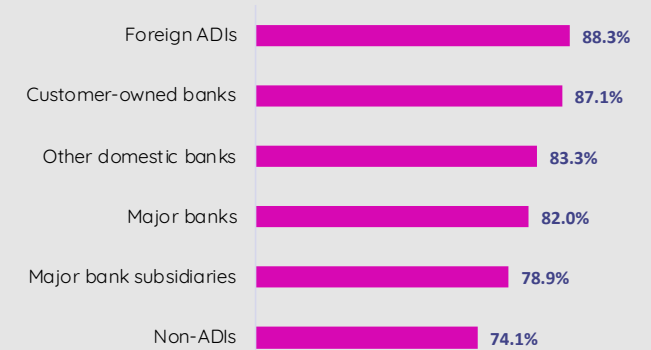
SFD by Lender Segment, VIC, Jun-22 Qtr



SFD by Lender Segment, WA, Jun-22 Qtr



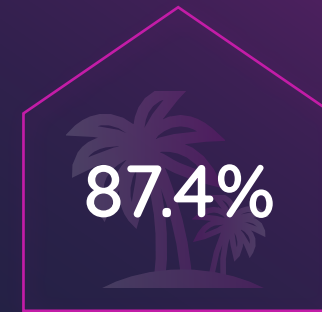
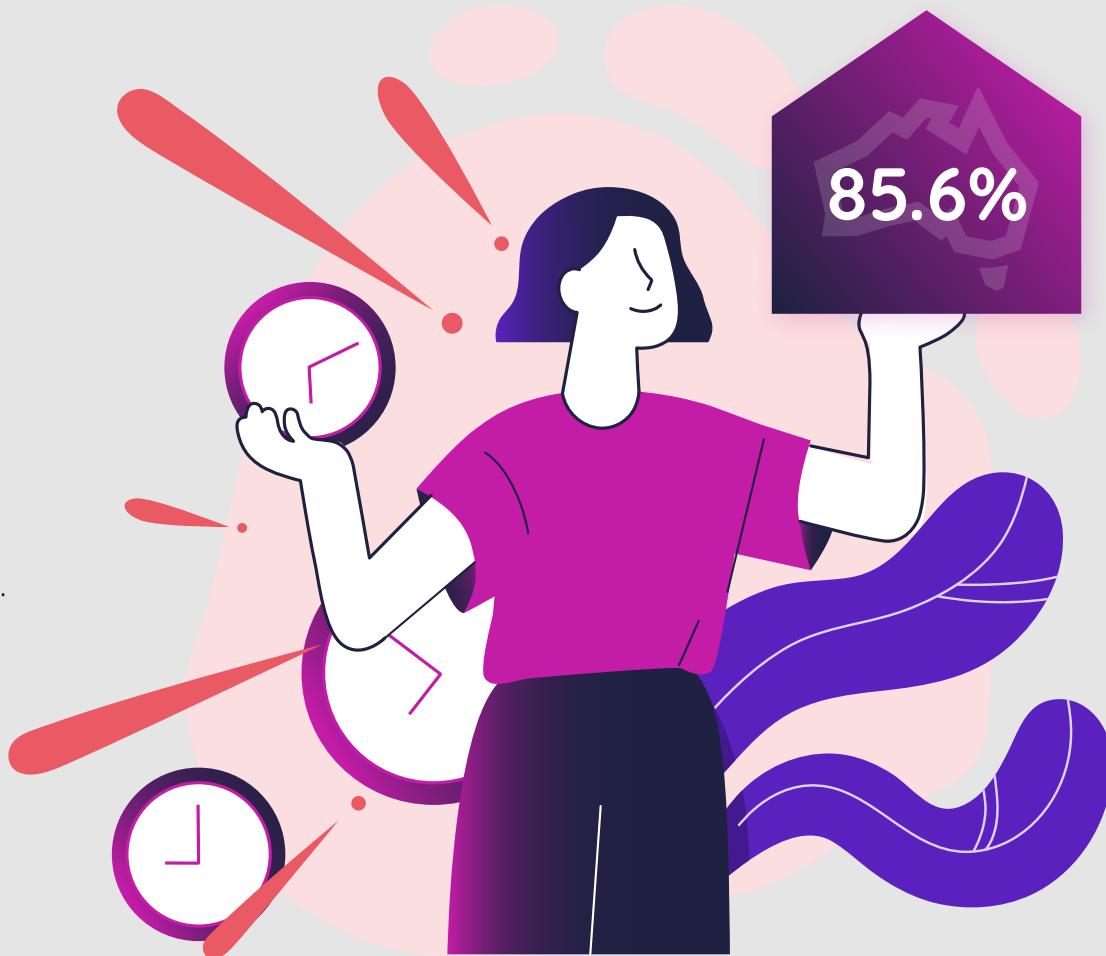
SFD by Lender Segment, SA, Jun-22 Qtr



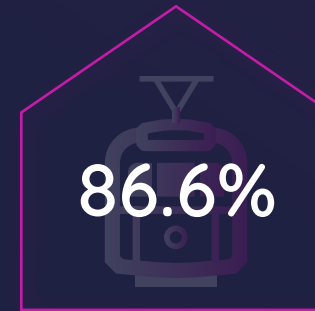
Nationally, practitioners were successful in settling 85.6% of settlements on the first date

The highest Practitioner SFD was recorded in QLD at 87.4%

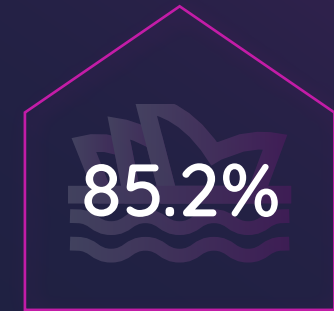
National Practitioner SFD, Jun-22 Qtr



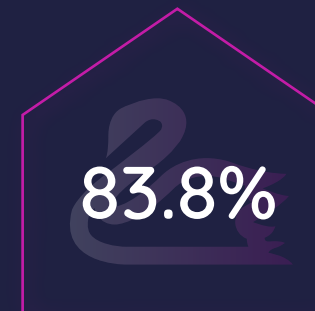
QLD Practitioner SFD, Jun-22 Qtr



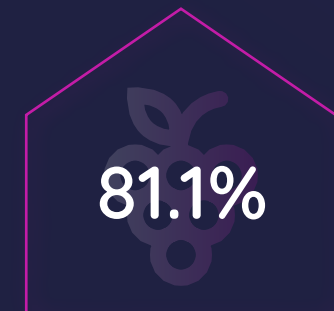
VIC Practitioner SFD, Jun-22 Qtr



NSW Practitioner SFD, Jun-22 Qtr



WA Practitioner SFD, Jun-22 Qtr



SA Practitioner SFD, Jun-22 Qtr

Detailed findings

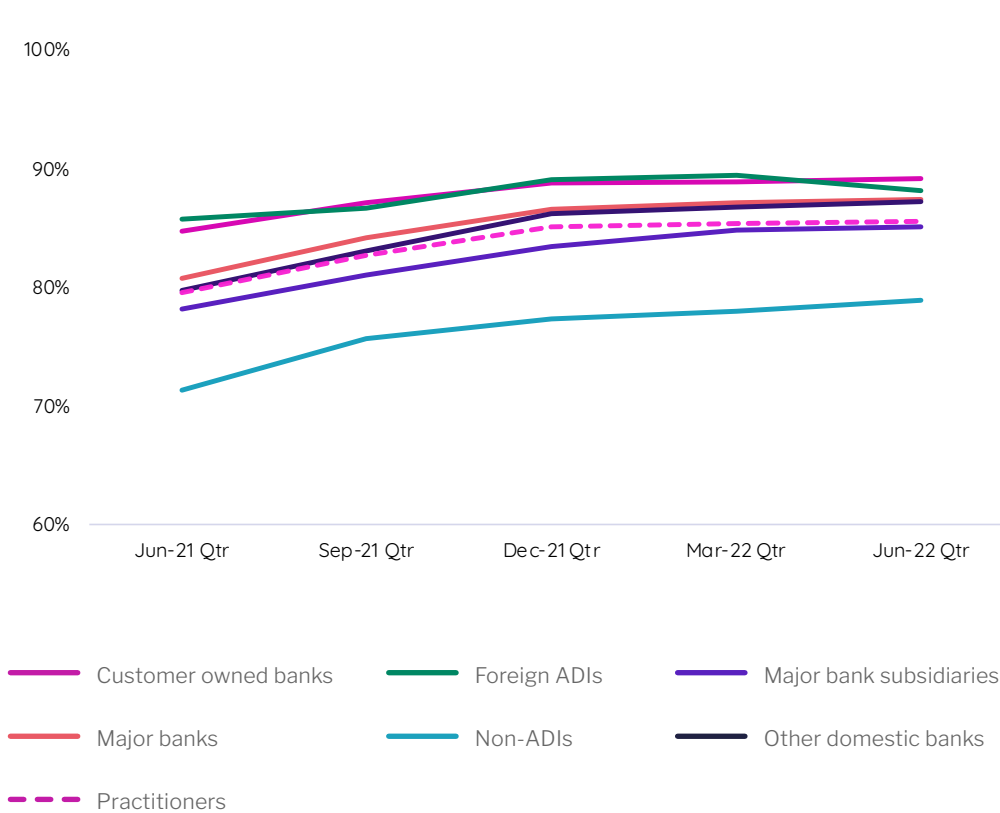


Nationally, Customer-owned banks and Foreign-ADIs bettered other lenders for SFD over the past 5 quarters

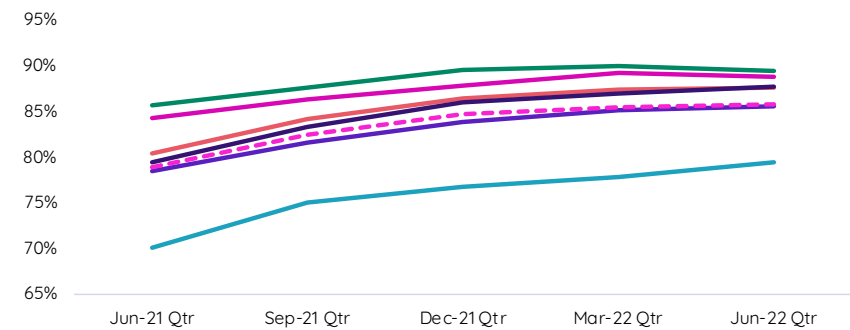


SFD performance trended upwards over the past 12-months for all lender segments, particularly in metro areas

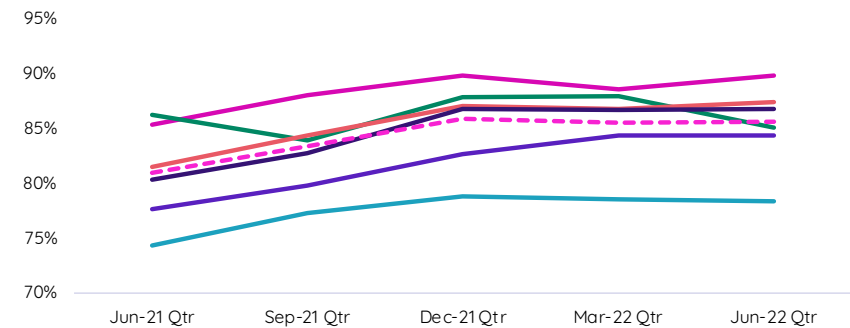
SFD by Lender Segment, National



SFD by Lender Segment - GCCSA*, National



SFD by Lender Segment - Regional, National



Source: PEXA

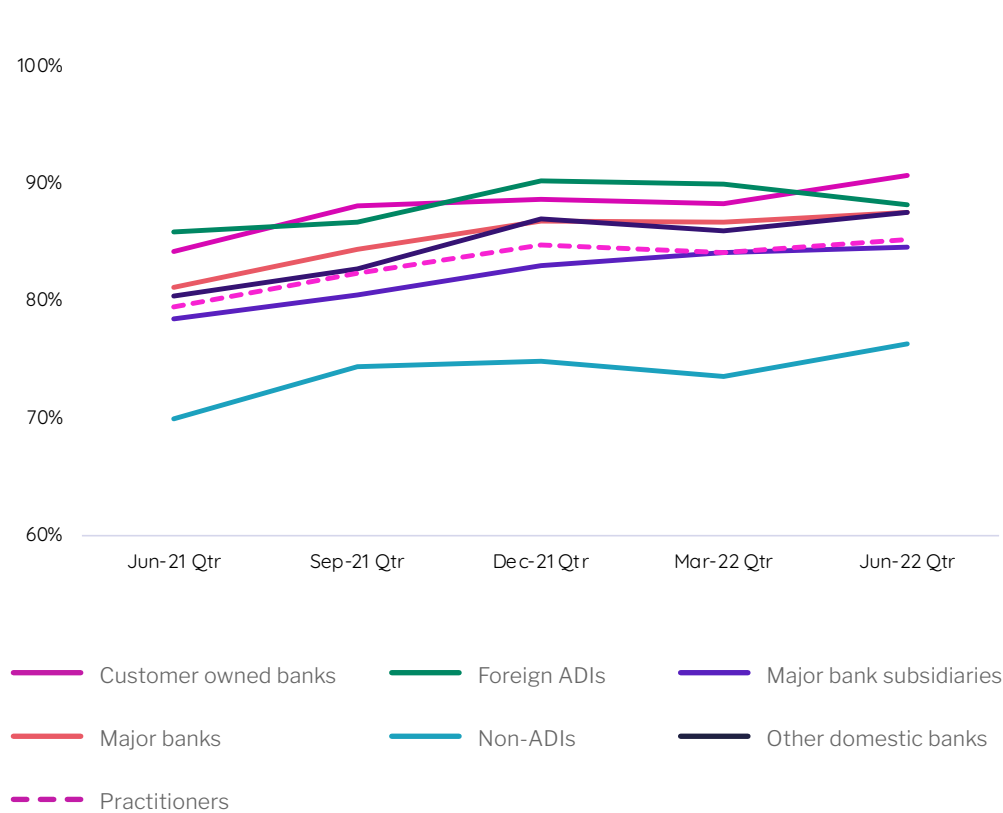
*GCCSA refers to the Greater capital city statistical areas as defined by ABS

Customer-owned banks moved ahead of Foreign ADIs in the Jun-22 qtr to take a leadership position in NSW

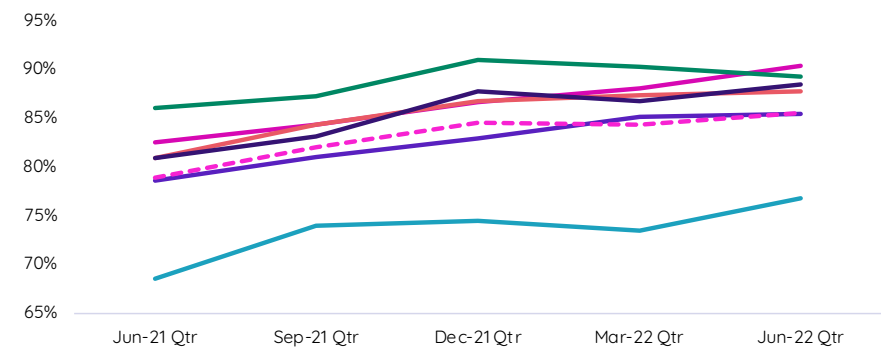


This was the case in both metro and regional areas

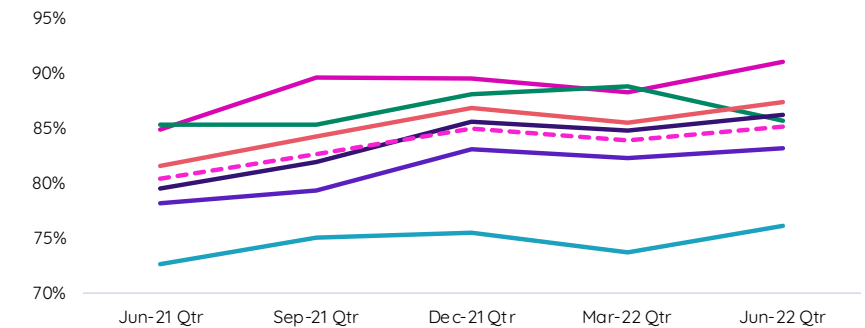
SFD by Lender Segment - NSW



SFD by Lender Segment - GCCSA*, NSW



SFD by Lender Segment - Rest of State, NSW



Source: PEXA

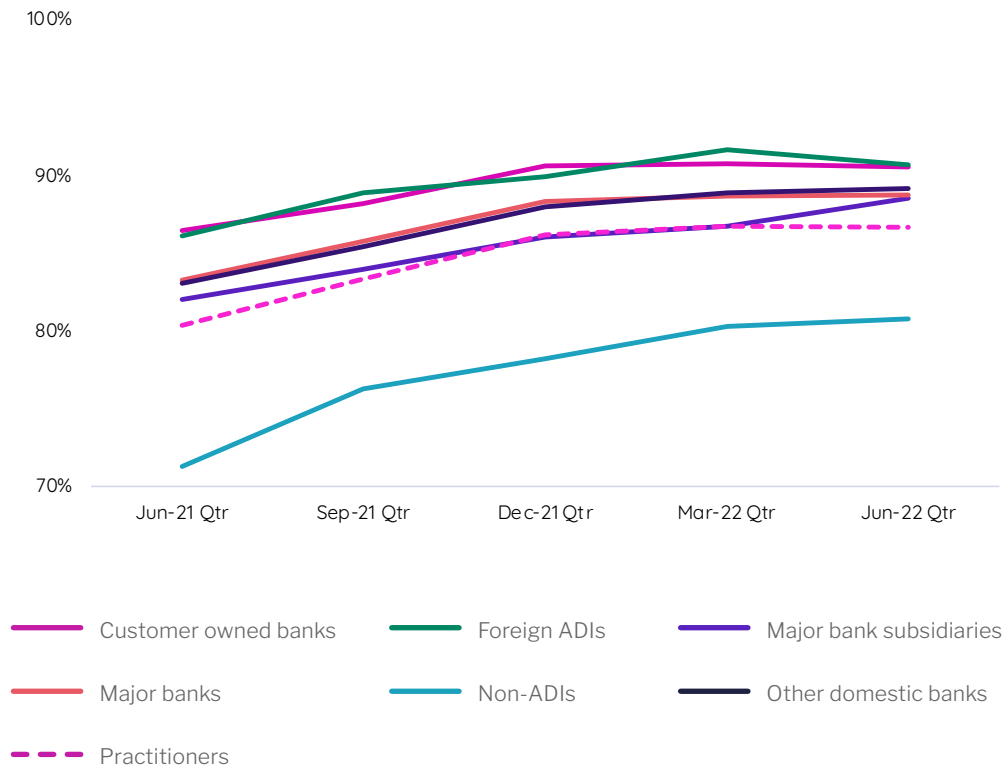
*GCCSA refers to the Greater capital city statistical areas as defined by ABS

Customer owned banks & Foreign ADIs maintained a leadership position in VIC

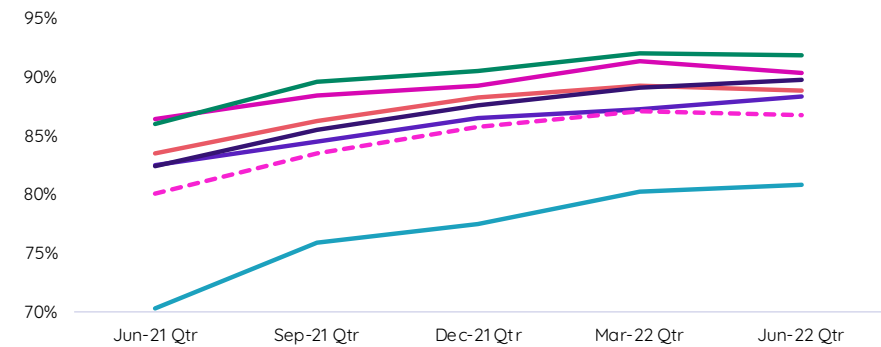


Foreign-ADIs performed strongest in Melbourne, whilst Customer-owned banks performed strongest in regional Victoria

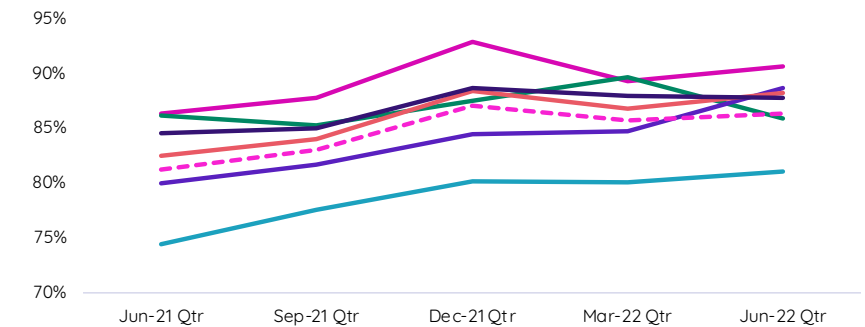
SFD by Lender Segment - VIC



SFD by Lender Segment - GCCSA*, VIC



SFD by Lender Segment - Rest of State, VIC



Source: PEXA

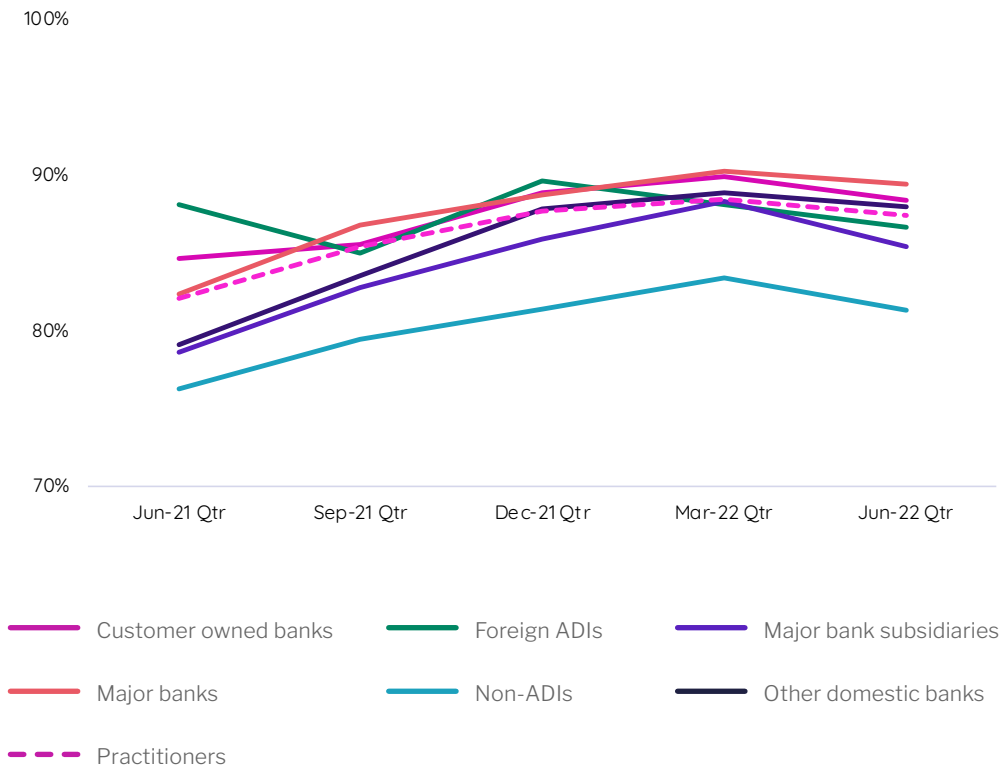
*GCCSA refers to the Greater capital city statistical areas as defined by ABS

Major banks moved into a leadership position in QLD in the Jun-22 qtr

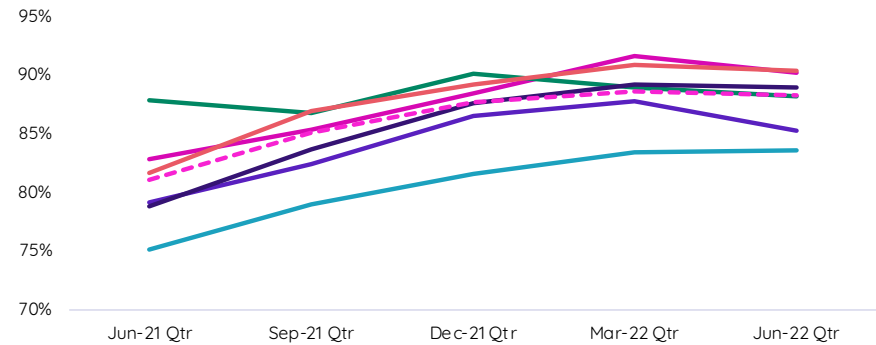


Customer owned banks also performed strongly especially in Brisbane

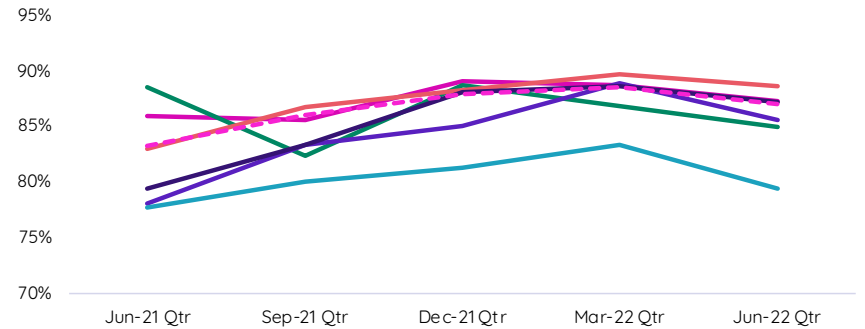
SFD by Lender Segment - QLD



SFD by Lender Segment - GCCSA*, QLD



SFD by Lender Segment - Rest of State, QLD



Source: PEXA

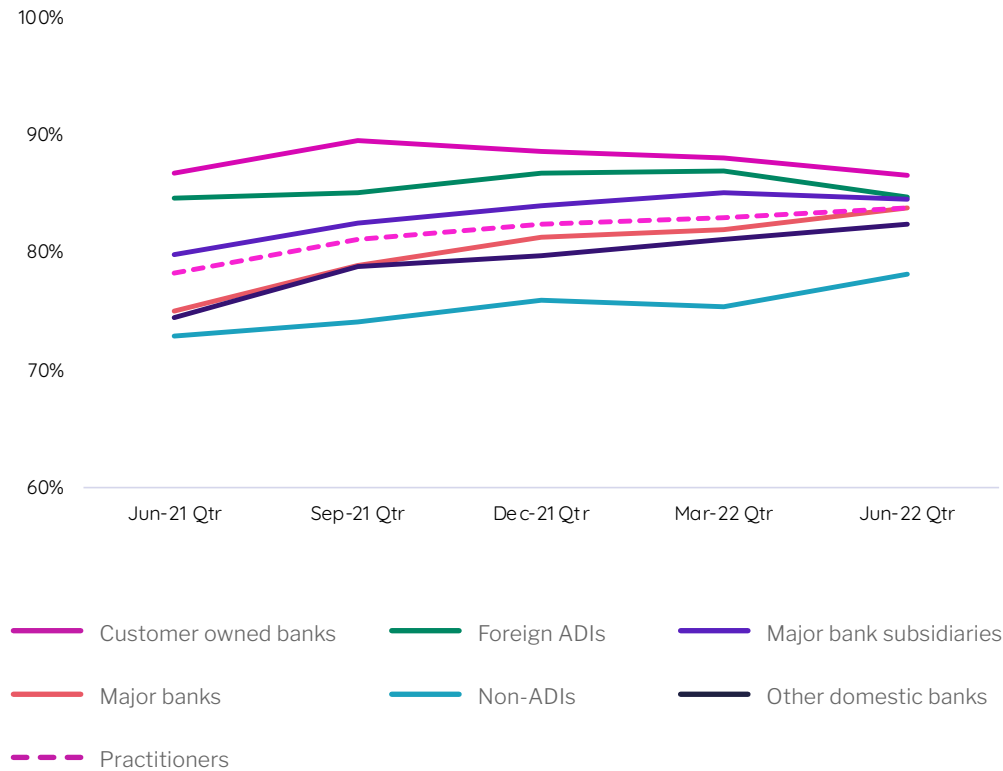
*GCCSA refers to the Greater capital city statistical areas as defined by ABS

Customer owned banks ceded ground, but retained a leadership position for SFD in WA in the Jun-22 qtr

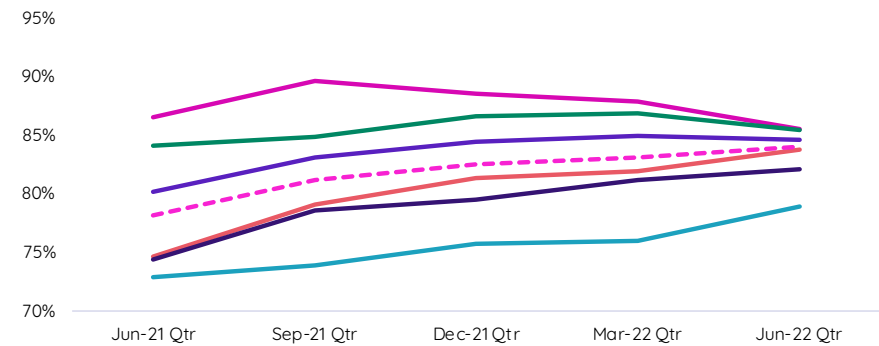


Non-ADIs, Major banks and Other domestic banks lagged behind

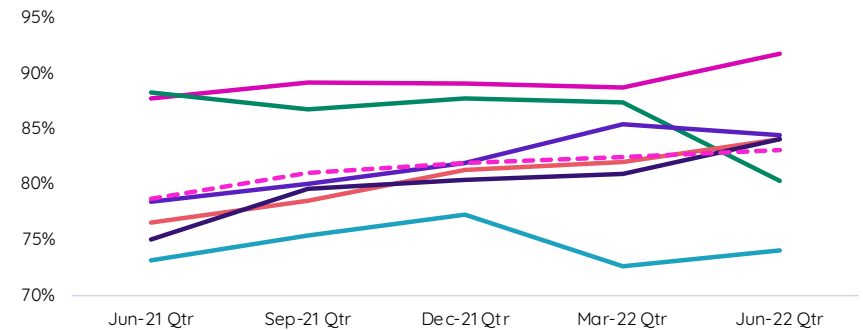
SFD by Lender Segment - WA



SFD by Lender Segment - GCCSA*, WA



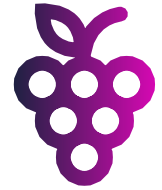
SFD by Lender Segment - Rest of State, WA



Source: PEXA

*GCCSA refers to the Greater capital city statistical areas as defined by ABS

Customer-owned banks and Foreign-ADIs dominated SFD for SA, particularly in Adelaide

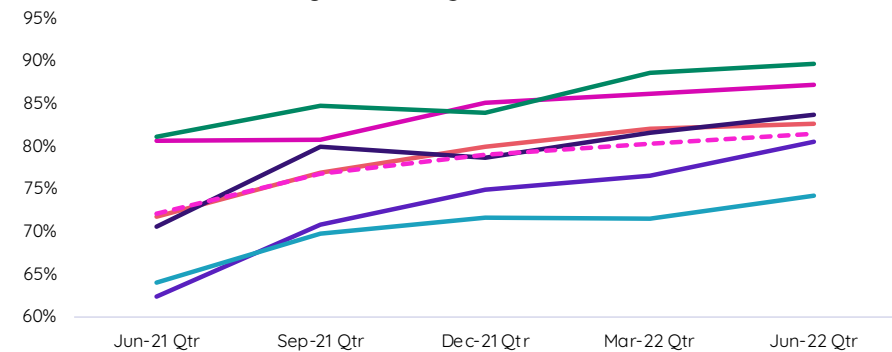


Although trending upwards, Non-ADIs and Major bank subsidiaries posted SFD performance below 80% for most quarters

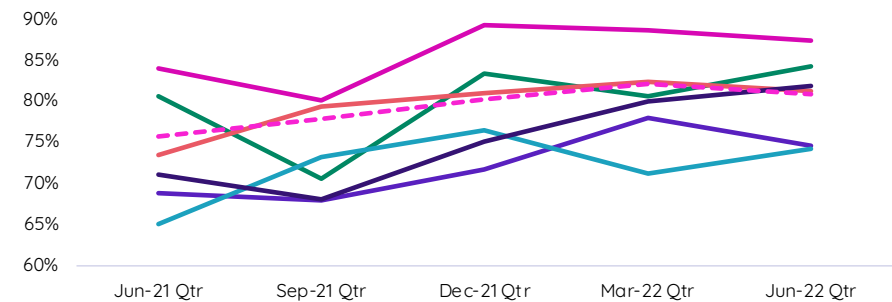
SFD by Lender Segment - SA



SFD by Lender Segment - GCCSA*, SA



SFD by Lender Segment - Rest of State, SA



Source: PEXA

*GCCSA refers to the Greater capital city statistical areas as defined by ABS

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