

PEXA Mortgage Insights Report

SEPTEMBER 2022 QUARTER



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Rising interest rates continued to drive refinancing

Property refinance volumes grew across NSW, VIC, QLD and WA, with property owners seeking out better deals on their home loan as interest rates continued to rise. 102,669 refinances were recorded in the aforementioned states during the Sep-22 qtr, growth of 9.1% on the Jun-22 quarter.

Rising interest rates had the opposite effect on new loans. With less property transactions due to the softer market, residential new loan volumes in the Sep-22 qtr reduced by 12.0% when compared to the prior quarter and were down 18.6% on the prior year. All states saw double digit drops in new residential loans, with NSW down 26.5% year-on-year.



Mike Gill, Head of Research PEXA

RESIDENTIAL HIGHLIGHTS

- > **VIC recorded the highest number of residential new loans in the Sep-22 quarter at 34,118.** This was closely followed by QLD with 33,670.
- > **The Major banks held a strong winning position in VIC & NSW for residential new loans.** Major banks were up a nett 3,419 new loans in VIC and 2,799 new loans in NSW.
- > **Average Loan-To-Value Ratios (LVRs) for residential new loans in the eastern states hovered around 76.0%.** Notably in NSW and VIC, LVRs for regional properties were slightly higher than that for metro properties.

COMMERCIAL HIGHLIGHTS

- > **VIC also recorded the highest number of commercial new loans, with 1,601 in the Sep-22 quarter.** This result was up 1.5% on the Jun-22 qtr.
- > **NSW experienced the largest year-on-year decline for commercial new loans.** 1,265 new loans were issued in the Sep-22 qtr, down 15.6% on the prior year.
- > **The Major banks held a dominant position in VIC for commercial new loans in the Sep-22 qtr.** Non-majors led in NSW & QLD where they won more new loans than they lost during the period.

This report aims to provide a comprehensive view of mortgage trends for the mainland states of NSW, VIC, QLD and WA 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.

Our analysis only includes new loans and refinances lodged digitally via PEXA. As at Sep-22, over 98% of property sales in NSW & VIC, over 85% in QLD and 80% in WA were settled via PEXA. It should be noted our analysis considers property settlements that were funded with a loan as a new loan, regardless of whether an existing loan facility was used. As at Sep-22 over 95% of property refinances nationally were lodged via PEXA. 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).

Total New Loans NSW, VIC, QLD & WA Sep-22 qtr

(includes Residential & Commercial)

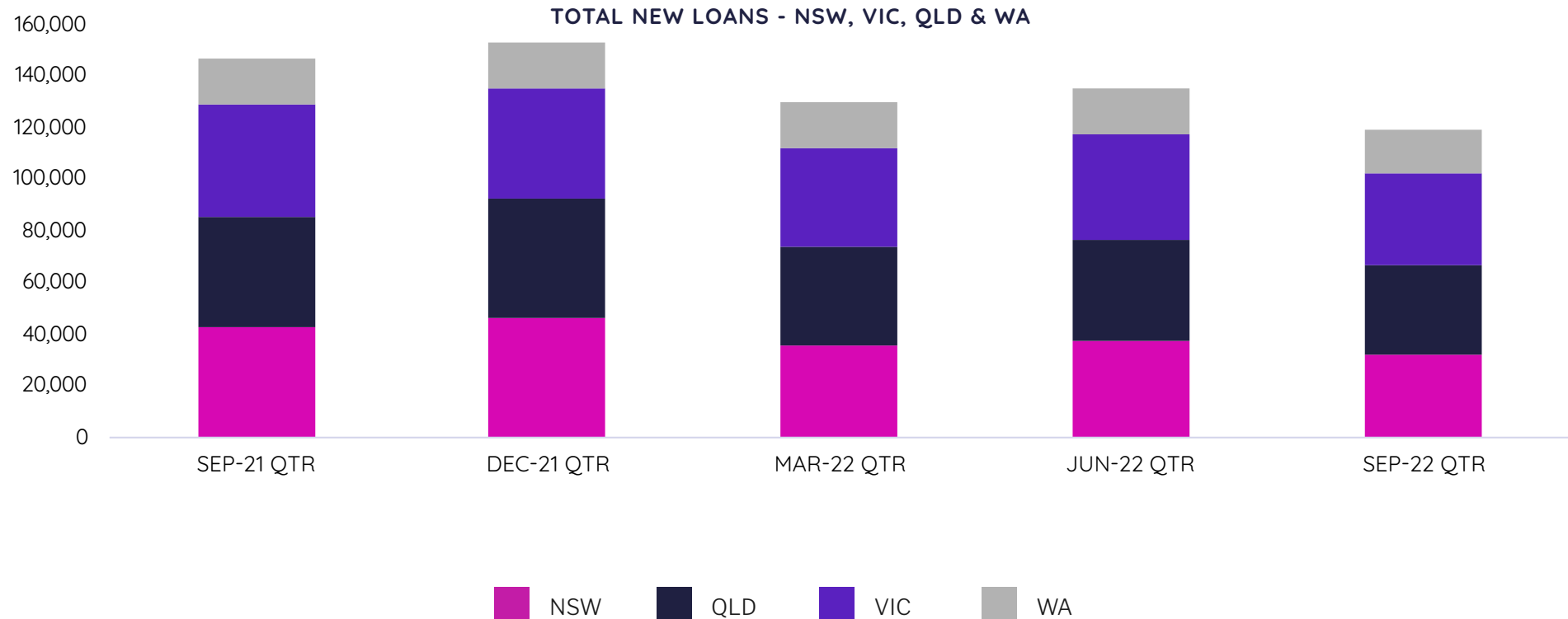
119,177

-12.0%

on Jun-22 qtr
(prior quarter)

-18.6%

on Sep-21 qtr
(prior year)



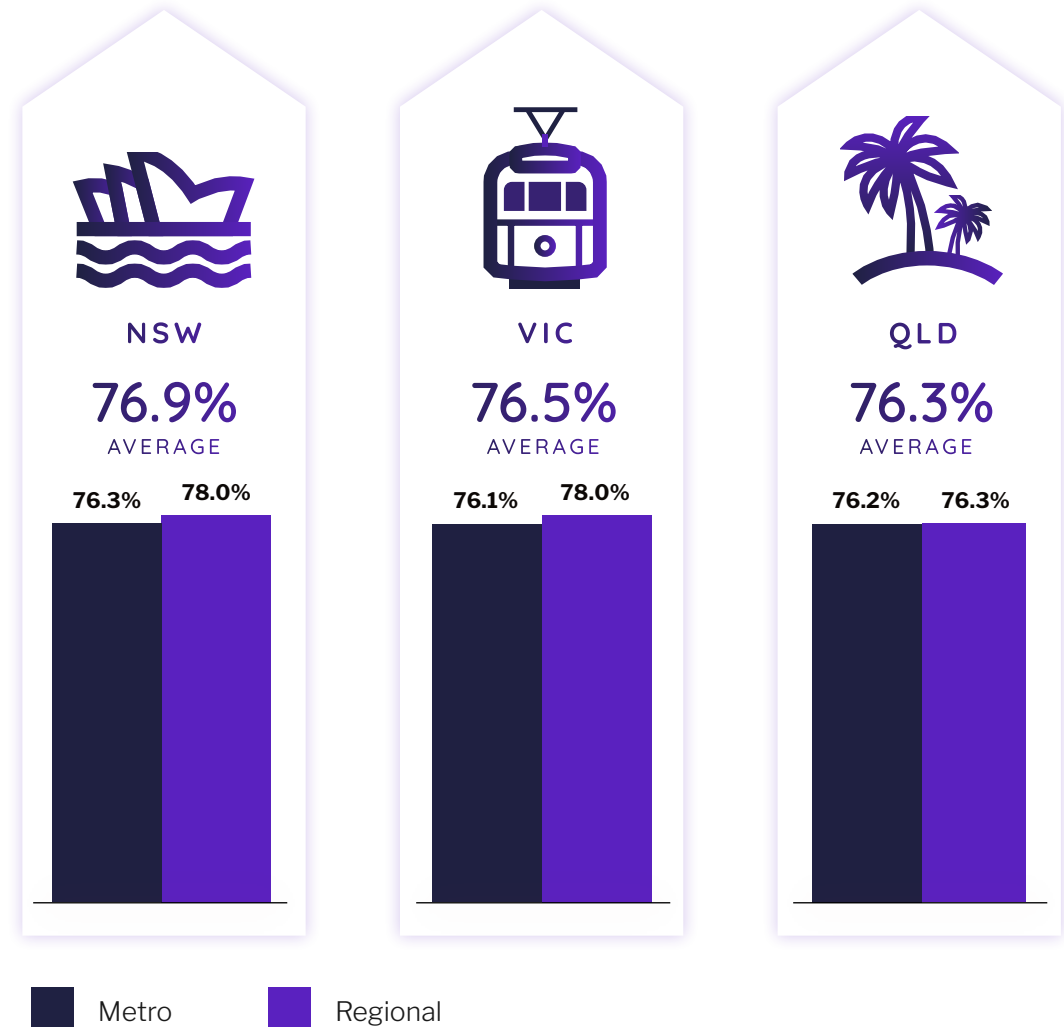
Source: PEXA

NOTE: Our analysis only includes new loans lodged digitally via PEXA. As at Sep-22, over 98% of property sales in NSW & VIC, over 85% in QLD and 80% in WA were settled via PEXA. It should be noted our analysis considers property settlements that were funded with a loan as a new loan, regardless of whether an existing loan facility was used.

Residential new loan average LVRs were similar across the eastern states

LVRs for properties in regional NSW and VIC were slightly higher than LVRs for properties in metropolitan areas.

AVERAGE LOAN-TO-VALUE RATIOS FOR RESIDENTIAL NEW LOANS, SEP-22 QTR



Source: PEXA

NOTE: Residential new loans not available for WA

The Loan-To-Value ratio (LVR) is calculated by comparing the loan amount used to fund the purchase of a property against the total sale price, expressed as a percentage. For instance, if a buyer borrows \$400K to purchase a property valued at \$500K, the LVR would be 80%. The average LVR (mean) 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), but decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our LVR calculation would use the \$400K loan proceeds used in the initial settlement and not the \$450K total loan amount.

Total Refinances NSW, VIC, QLD & WA Sep-22 qtr

(includes Residential & Commercial)

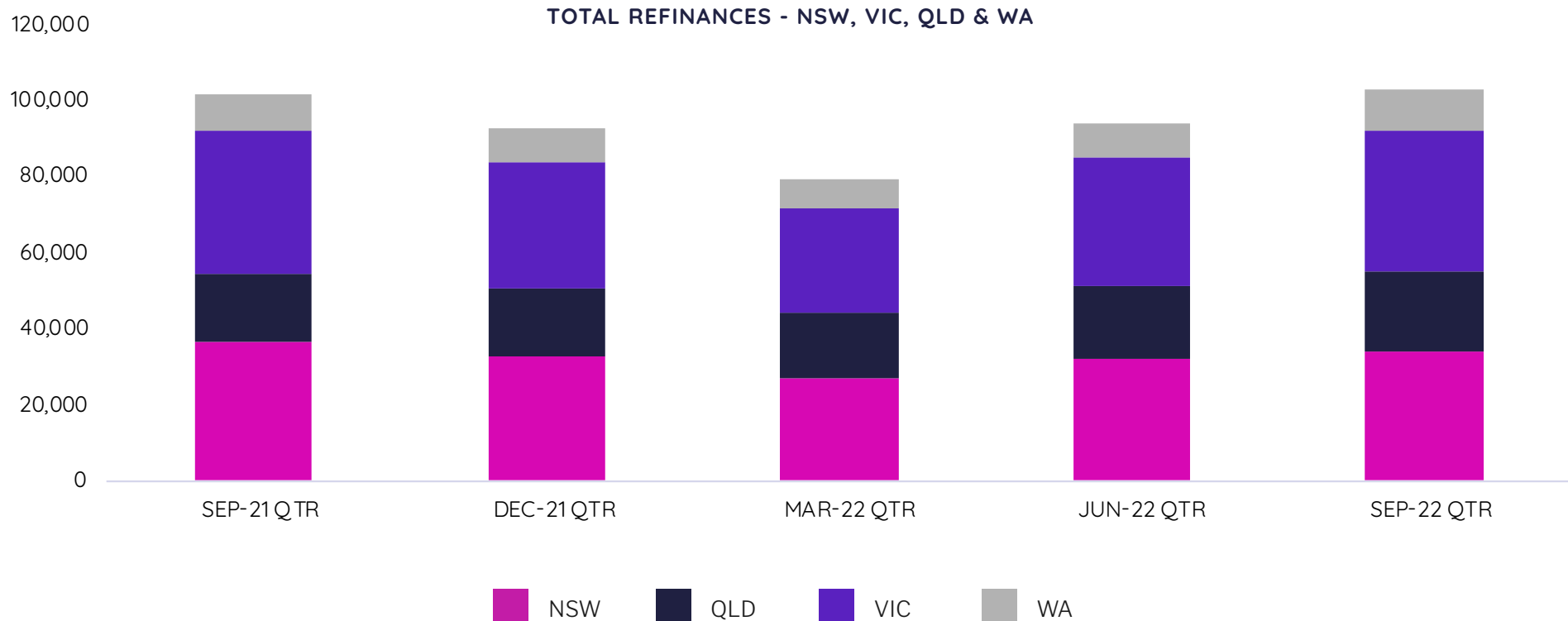
102,669

+9.1%

on Jun-22 qtr
(prior quarter)

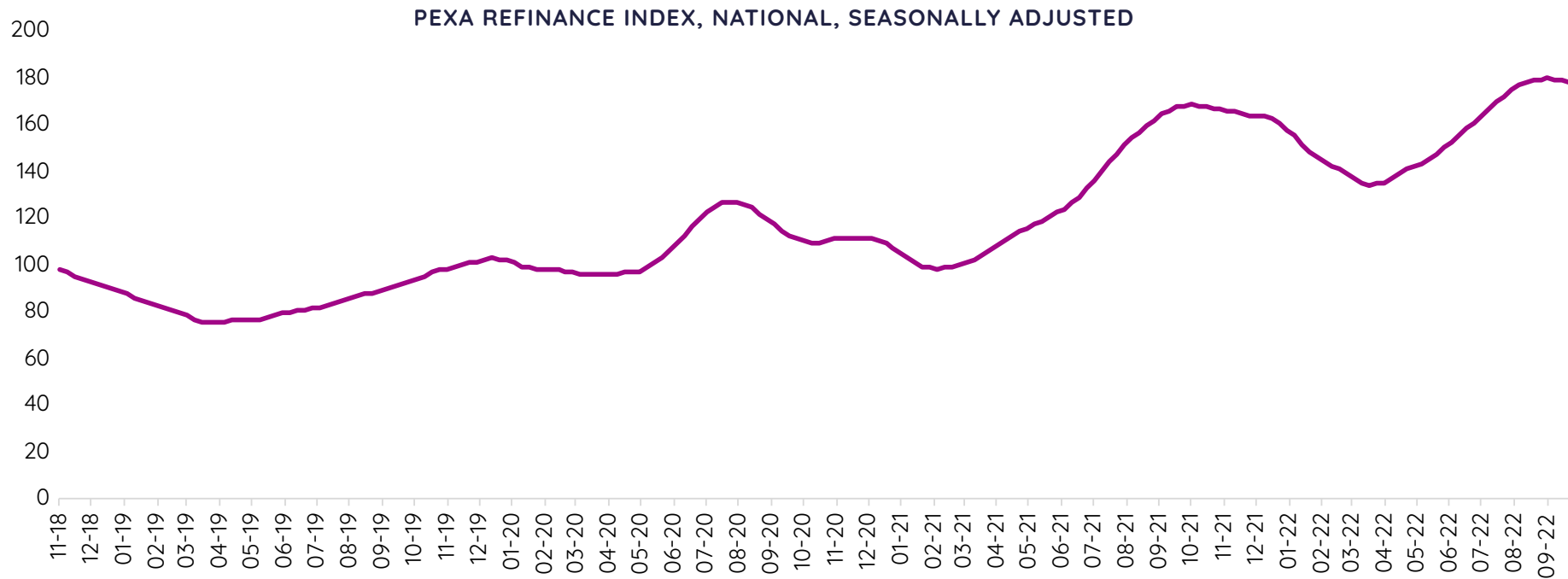
+1.1%

on Sep-21 qtr
(prior year)



NOTE: Our analysis only includes refinances lodged digitally via PEXA. As at Sep-22, over 95% of property refinances nationally were lodged via PEXA. 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). Analysis includes both Residential and Commercial property refinances

The PEXA Refinance Index rose sharply since April 2022, hitting a record 179.6 for the week ending 18 Sep 2022



Source: PEXA, Land Services SA

PEXA Refinance Index: PEXA's Refinance Index provides timely insights into property refinancing in Australia. The national, seasonally adjusted index shows weekly changes in the number of refinances since the start of the index in Nov-2018. For example, if the index rises from 120 points to 140 points (increase of 20-points), this represents an increase of 20% compared to the starting point of the index. View the full index [here](#).

NOTE: Seasonal variations have been smoothed to show the underlying trends more clearly.

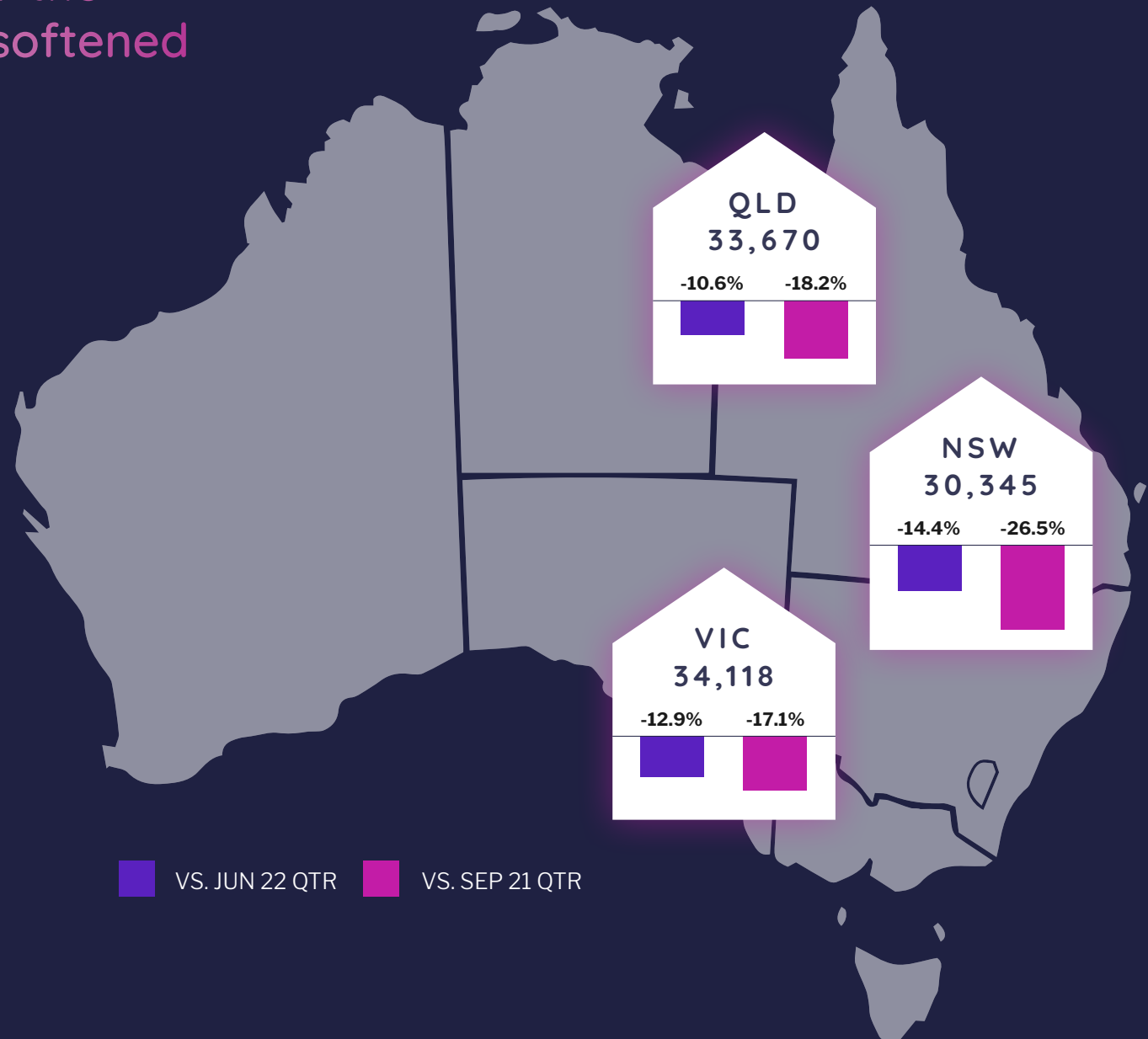
New Loans

All states saw double digit drops in residential new loans for the Sep-22 qtr as the market softened

RESIDENTIAL NEW LOANS, SEP-22 QTR, TOTAL VOLUME

The declines were largest in NSW, which was down 26.5% on the prior year.

VIC recorded the highest number of new residential loans in the quarter at 34,118. This was closely followed by QLD with 33,670



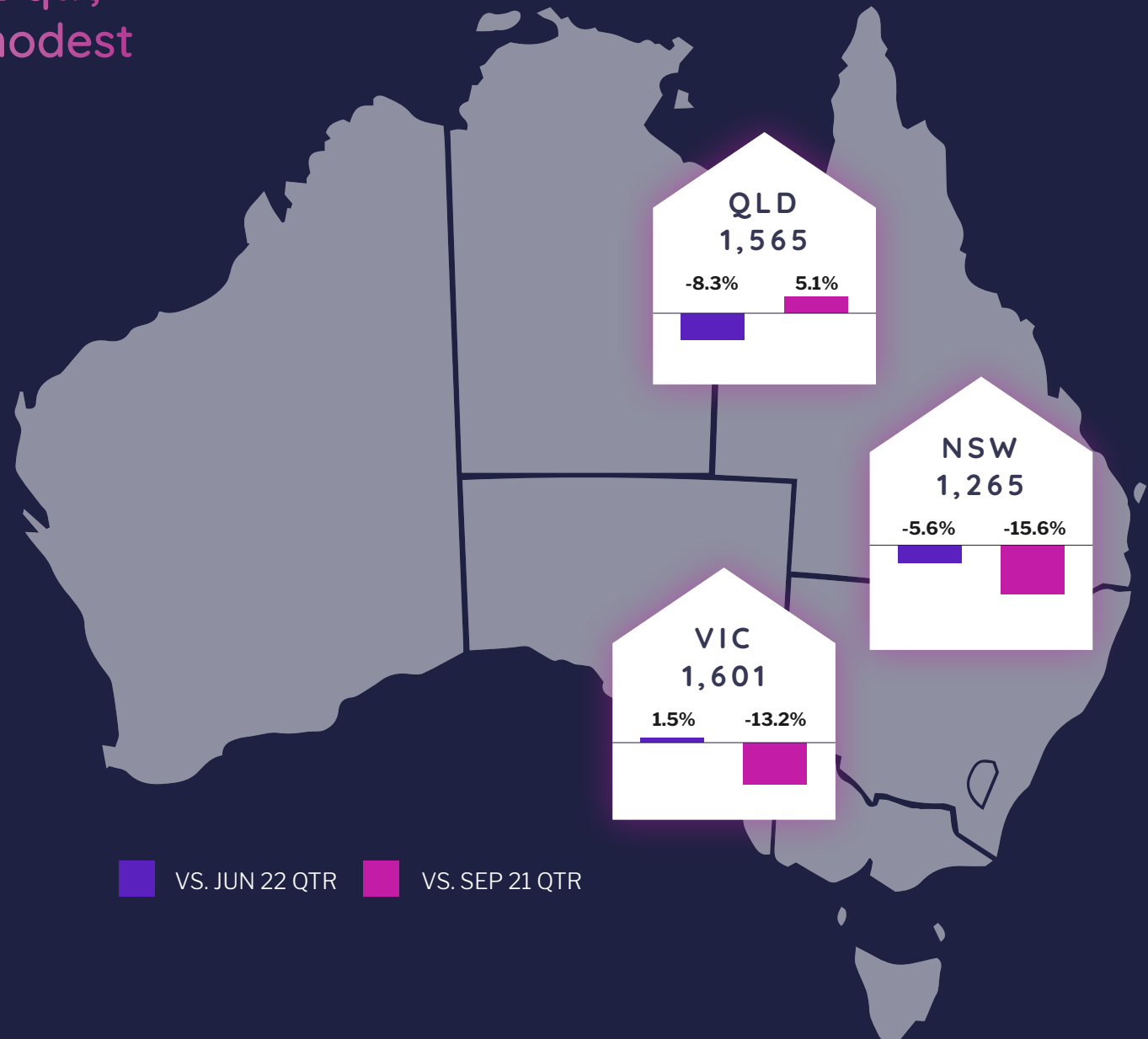
Source: PEXA

NOTE: Residential new loans not available for WA

Commercial new loans were largely down in the Sep-22 qtr, however VIC recorded a modest 1.5% growth

COMMERCIAL NEW LOANS, SEP-22 QTR, TOTAL VOLUME

Both NSW and VIC were down substantially in the Sep-22 quarter when compared to the prior year, however QLD saw year-on-year growth, up 5.1%.



Source: PEXA

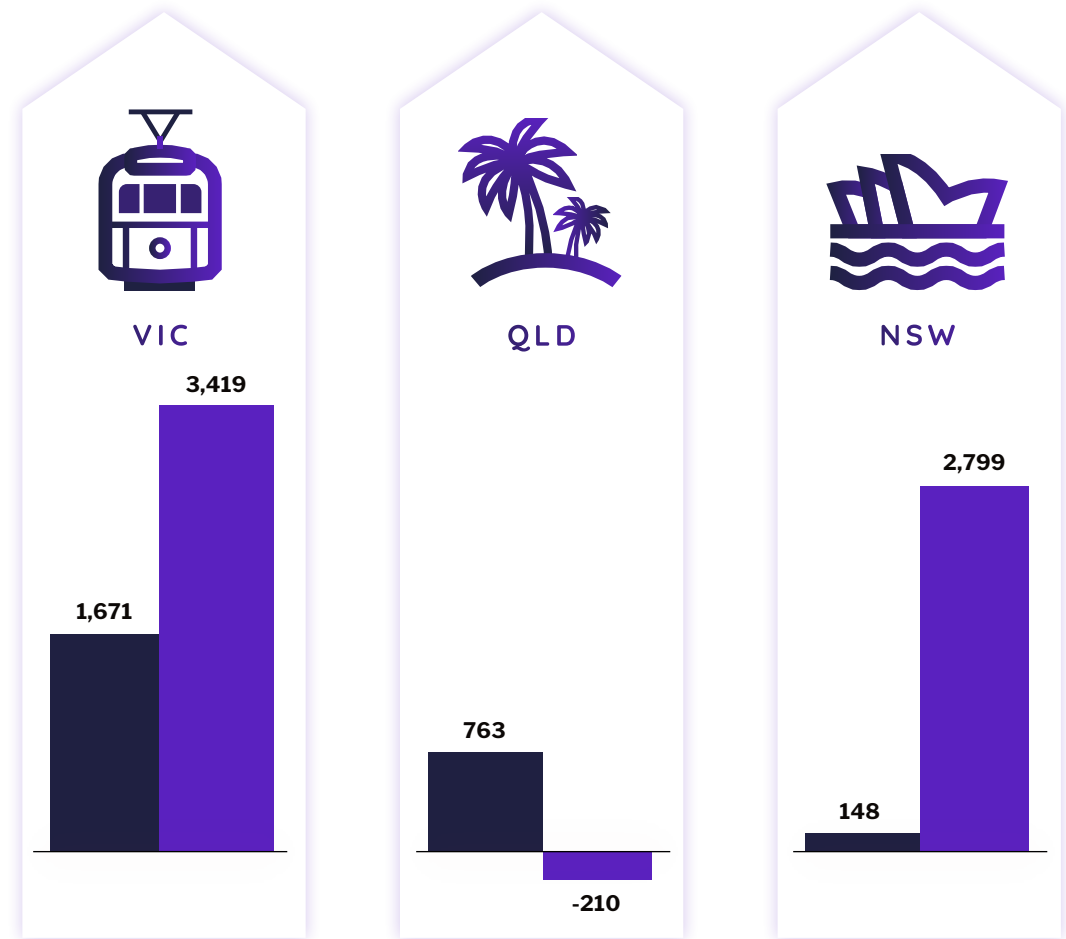
NOTE: Residential new loans not available for WA

Major banks were successful in winning more new loans than they lost in the Sep-22 qtr in VIC and NSW

Major banks were up a nett 3,419 new loans in VIC and 2,799 new loans in NSW

QLD bucked the trend with the Non-majors gaining 763 new loans in the Sep-22 qtr, whilst the Majors went backwards, losing more new loans than they won in that state.

WINS / LOSSES, RESIDENTIAL NEW LOANS, SEP-22 QTR



■ Non-major ■ Major

Source: PEXA

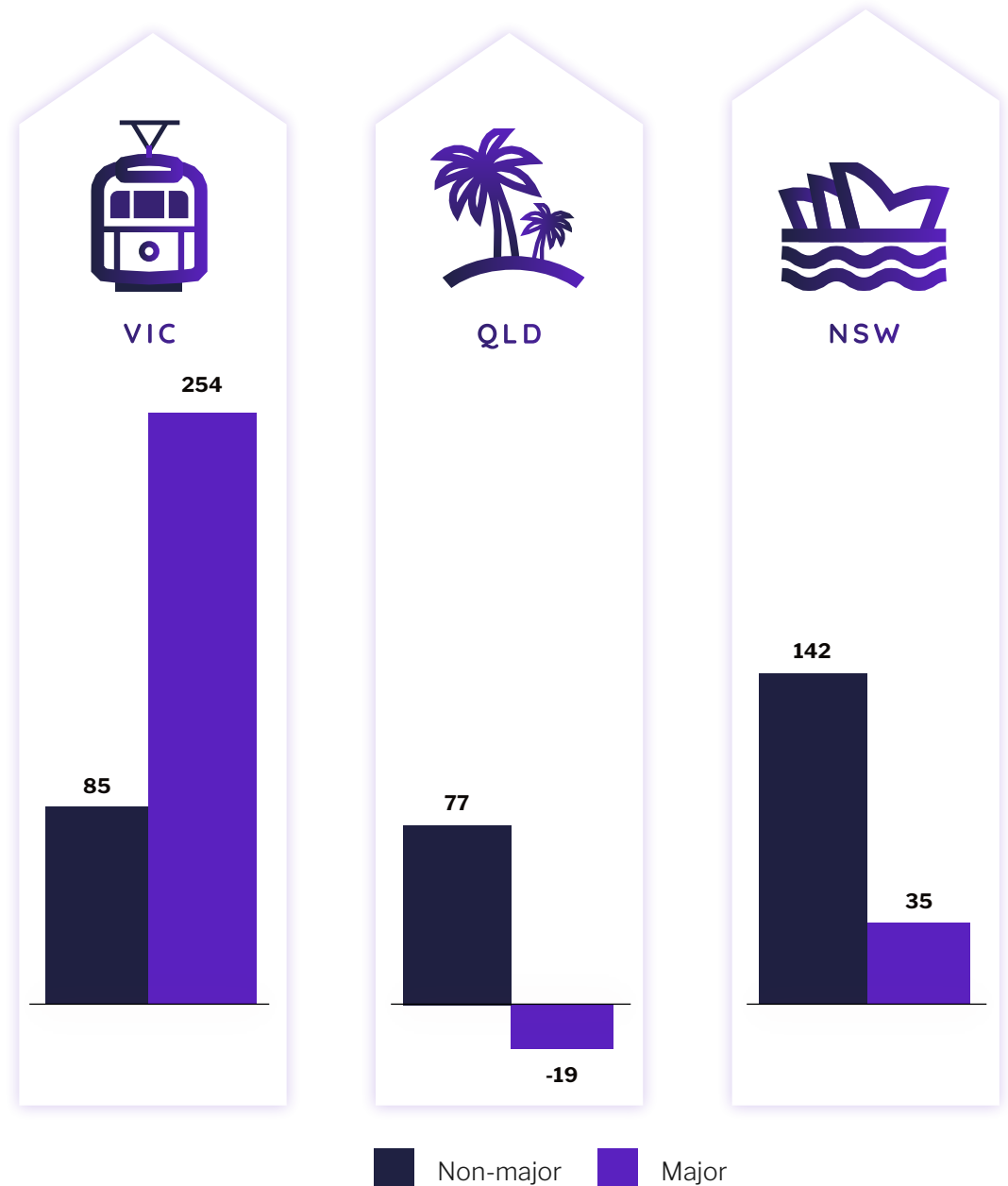
Note: Analysis only includes properties settled digitally through PEXA. Residential new loans not available for WA

Wins / losses (new loans) shows the net increase or decrease in mortgages over the time period for lenders. The calculation takes the total number of new loans and subtracts the total number of discharged mortgages for properties that sold in that time period. Importantly, it only includes property sale settlements (not refinances) and excludes properties not part of a sale (e.g. if the loan is completely repaid and the mortgage is discharged). 'Major banks' include their sub brands and subsidiaries unless otherwise stated.

Major banks outperformed the Non-majors in VIC for commercial new loans

However, in NSW & QLD the Non-majors held a leading position.

WINS / LOSSES, COMMERCIAL NEW LOANS, SEP-22 QTR



Source: PEXA

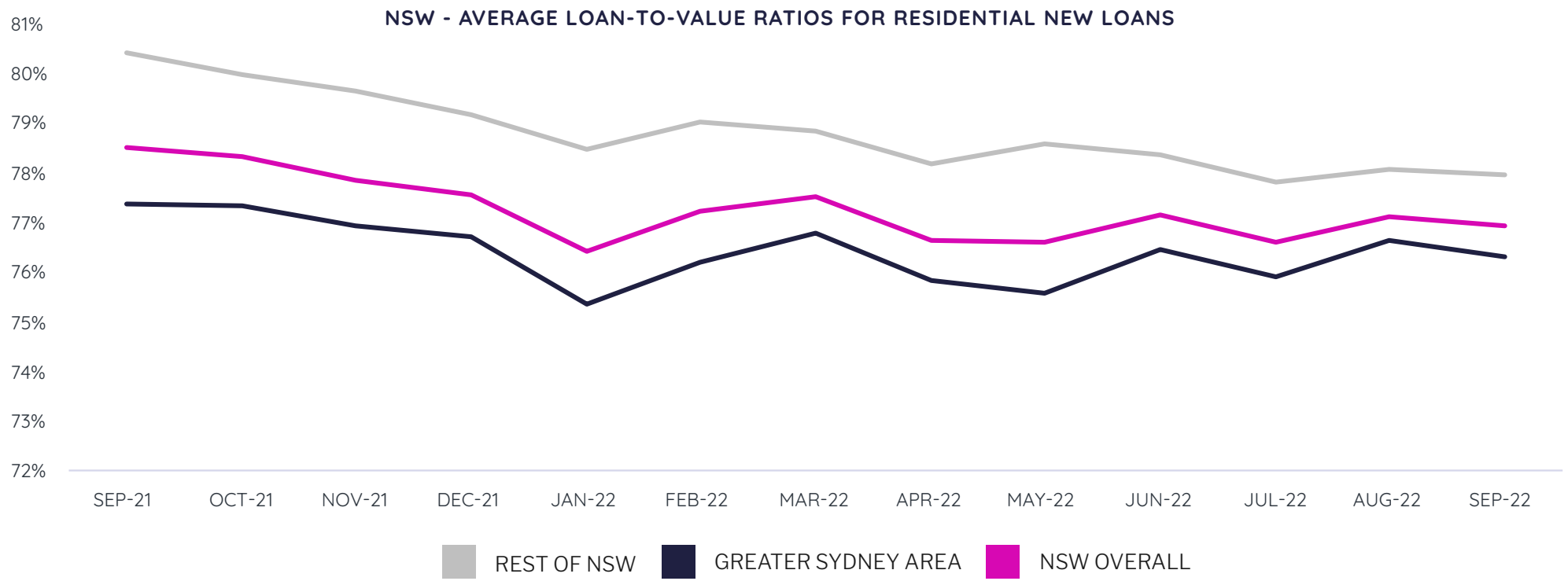
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Average LVRs in NSW for residential new loans dropped over the past year, hitting 77.0% in Sep-22

LVRs in regional NSW were consistently higher than metro areas.

Average LVRs have dropped between 1-2% over the past 12 months in NSW. This points to lenders tightening credit as interest rates rise.



Source: PEXA

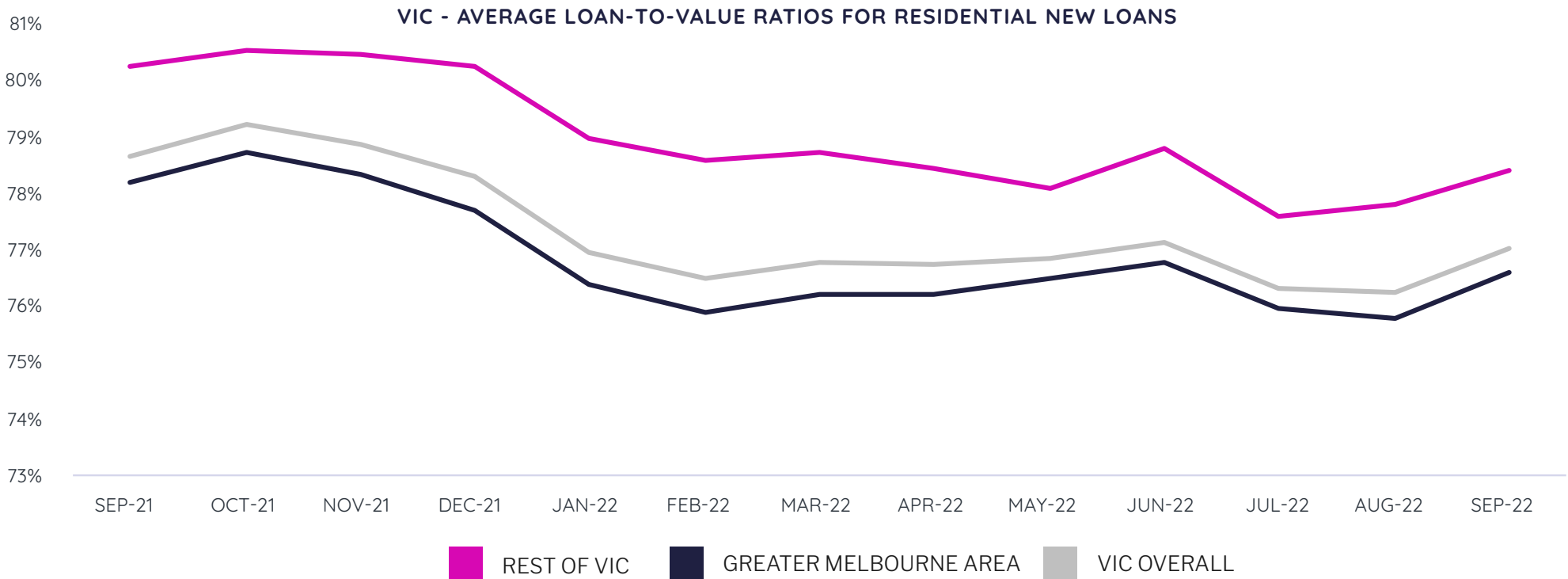
Note: Analysis only includes properties settled digitally through PEXA.

The Loan-to-value ratio (LVR) is calculated by comparing the loan amount used to fund the purchase of a property against the total sale price, expressed as a percentage. For instance, if a buyer borrows \$400K to purchase a property valued at \$500K, the LVR would be 80%. The average LVR (mean) 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), but decides to take out a loan for \$450K with the intention to use the additional \$50K for future renovations, our LVR calculation would use the \$400K loan proceeds used in the initial settlement and not the \$450K total loan amount.

Victorian residential LVRs also declined over the course of 2022

Similar to NSW, regional properties averaged higher LVRs over this period than did metro properties

Similar to NSW, average LVRs have dropped between 1-2% over the past 12-months in VIC. The impact of this change is reduced borrowing capacity for buyers.



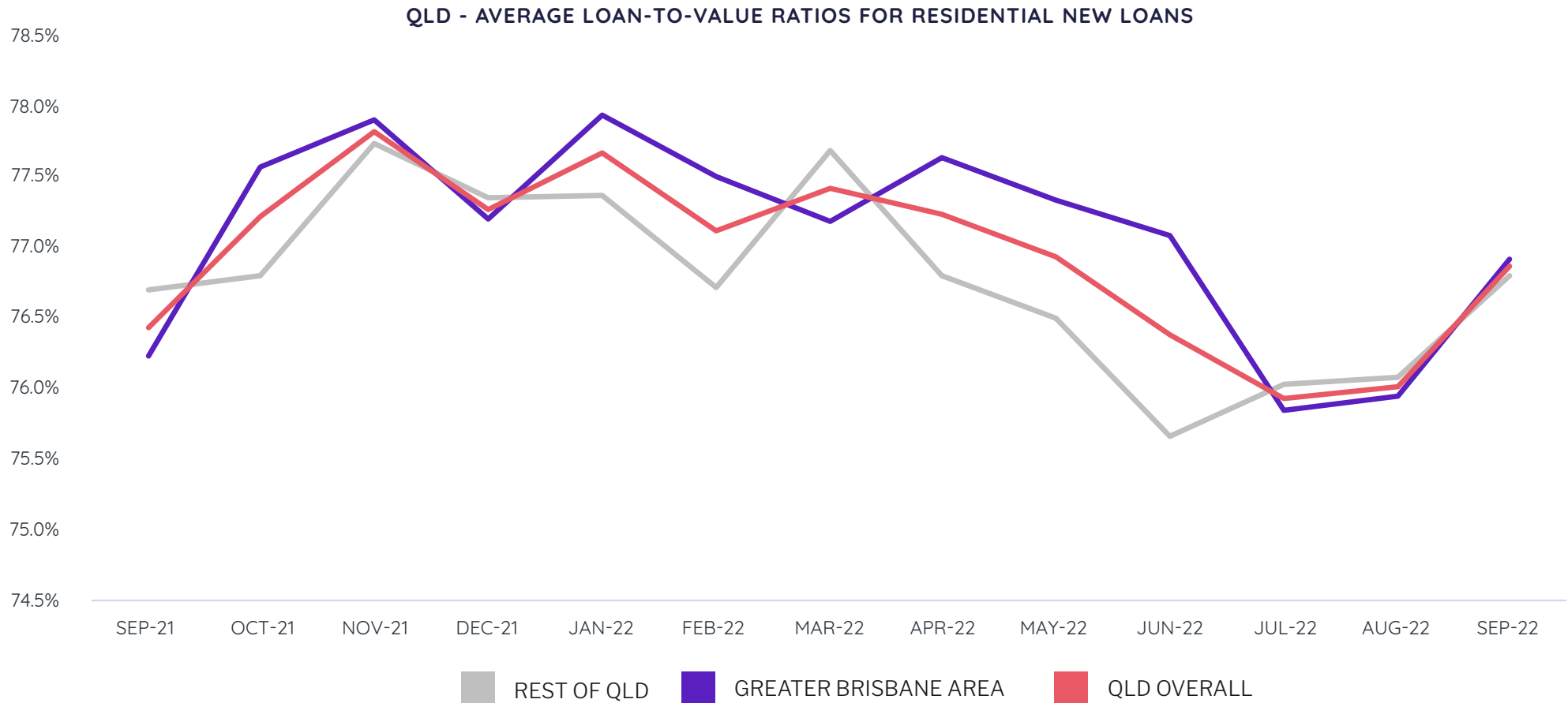
Source: PEXA

Note: Analysis only includes properties settled digitally through PEXA.

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Average LVRs for residential new loans in QLD trended around 77.0%

For the most part, metro and regional LVRs were quite similar



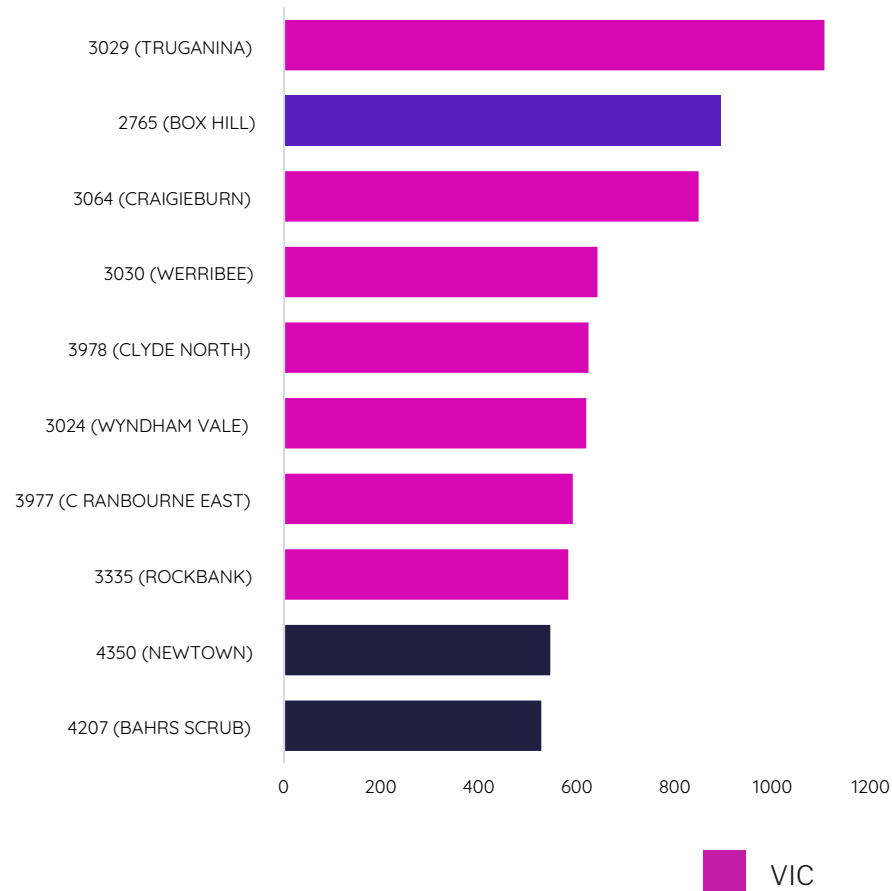
Source: PEXA

Note: Analysis only includes properties settled digitally through PEXA.

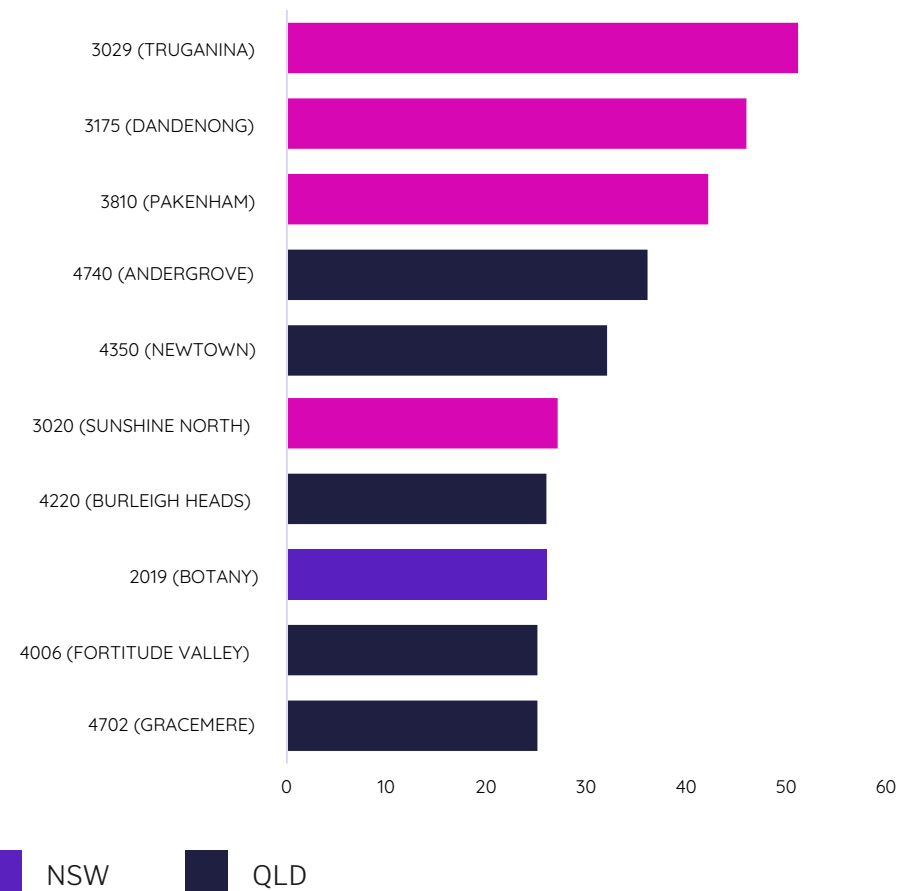
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Postcode 3029 (Truganina) recorded the most residential & commercial new loans with 1,104 and 51 respectively in the quarter

TOP 10 POSTCODES FOR RESIDENTIAL NEW LOANS, SEP-22 QTR



TOP 10 POSTCODES FOR COMMERCIAL NEW LOANS, SEP-22 QTR



Source: PEXA

Analysis only includes properties settled digitally through PEXA Exchange.

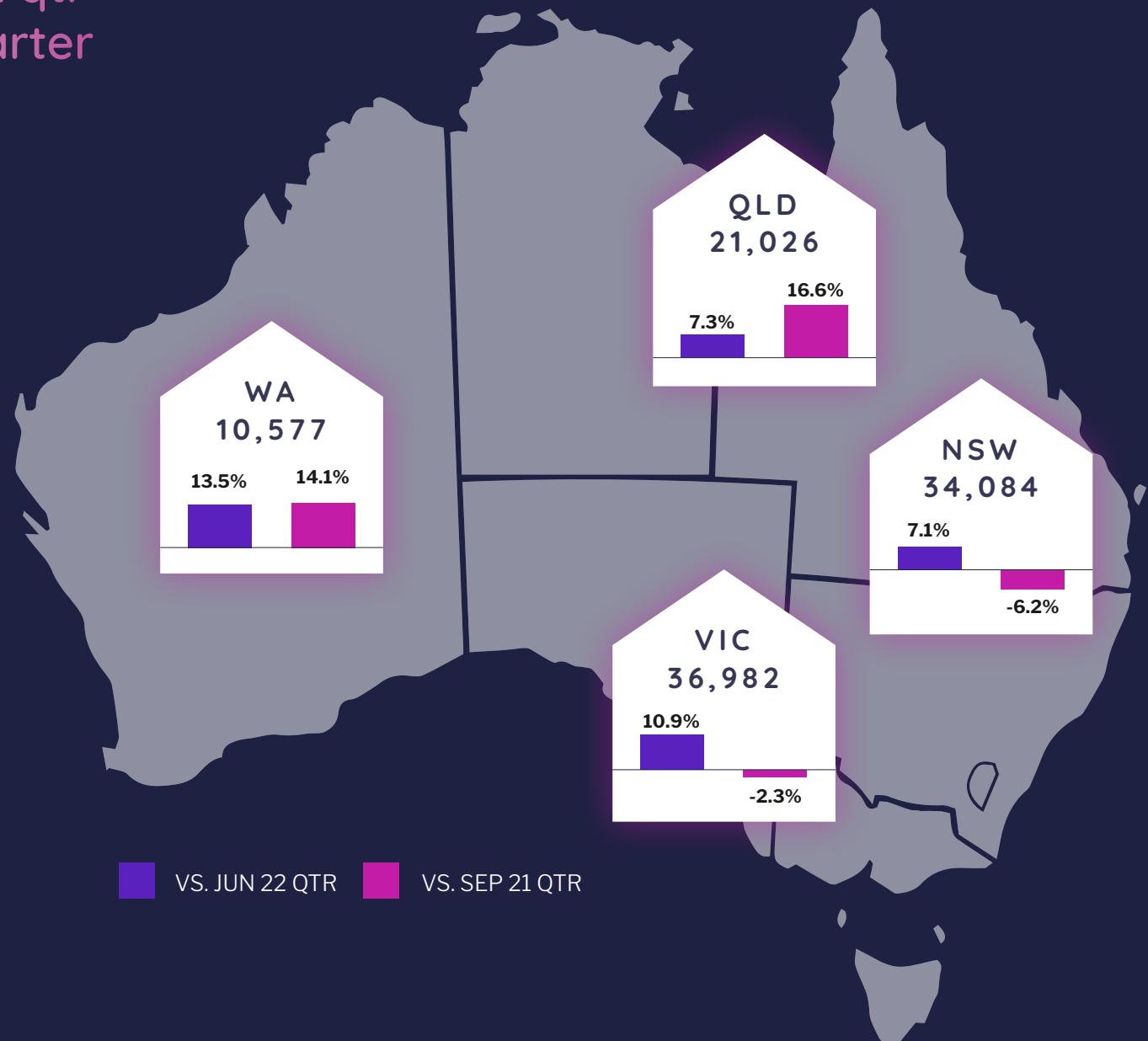
Includes NSW, VIC & QLD only Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

Refinances

All states recorded an increase in refinances in the Sep-22 qtr compared to the prior quarter

REFINANCES, SEP-22 QTR, TOTAL VOLUME

VIC recorded the highest volume, with 36,982 properties refinanced in the quarter. WA enjoyed the highest growth, up 13.5% when compared to the Jun-22 qtr.

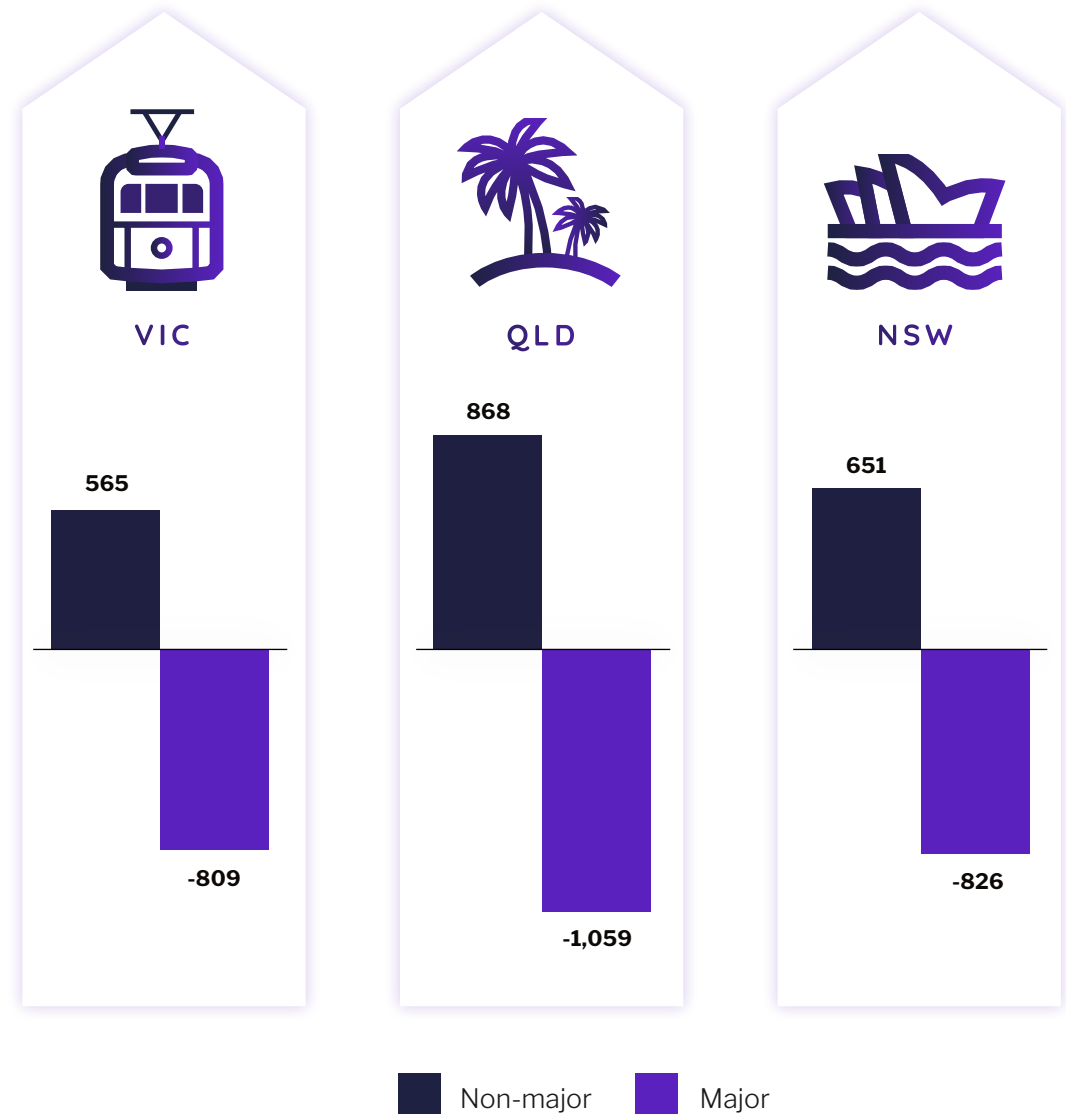


Source: PEXA

The Non-majors were in a strong winning position for refinances in the Sep-22 qtr

Major banks lost 1,059 more refinances than they won in QLD due to borrowers refinancing with other lenders.

WINS / LOSSES, REFINANCES, SEP-22 QTR

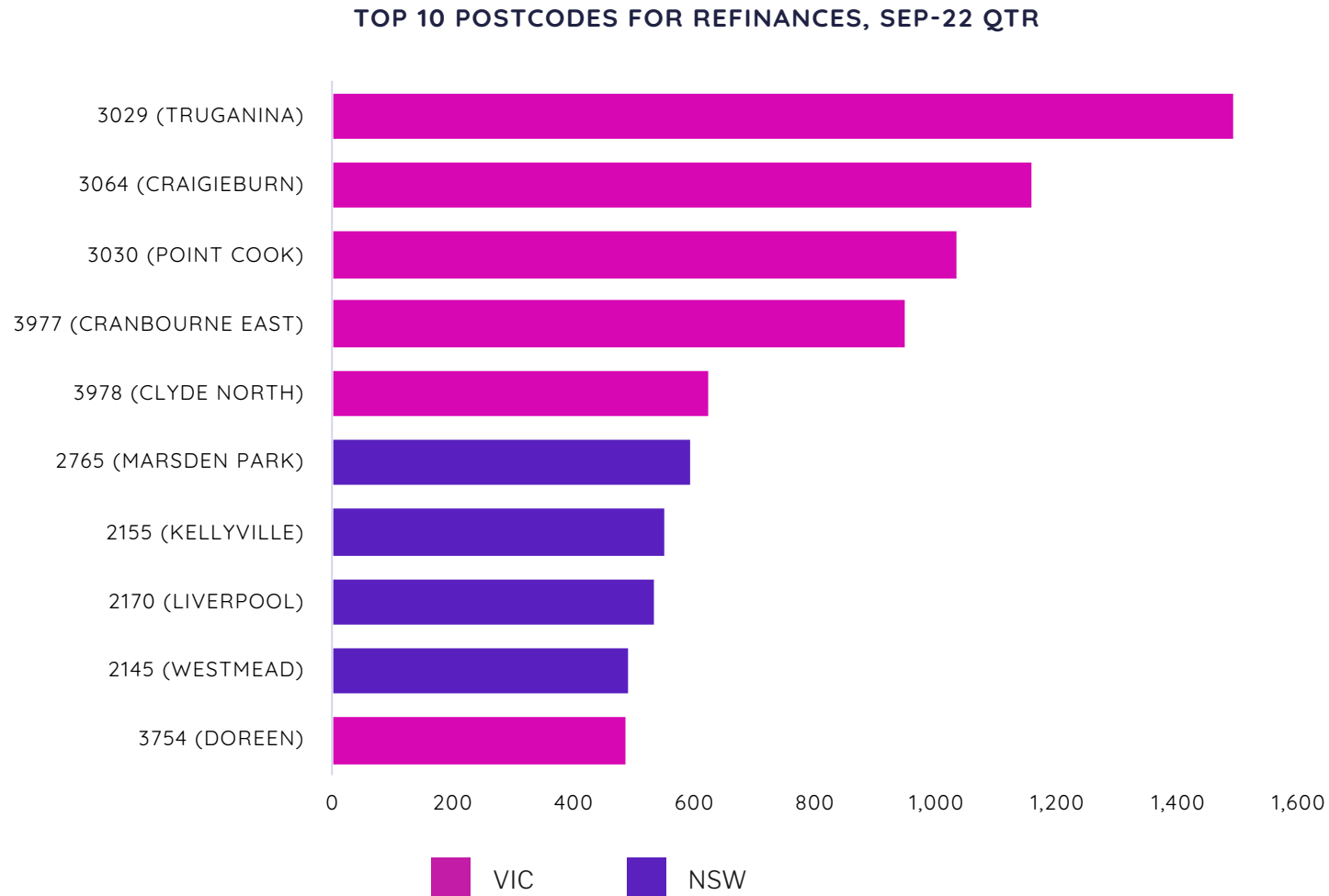


Source: PEXA

Note: Analysis only includes properties settled digitally through PEXA. Refinances include both Residential and Commercial property.

Wins / losses (refinances) shows the net increase or decrease in mortgages over the time period for lenders. The calculation takes the total number of refinances and subtracts the total number of discharged mortgages for those properties that refinanced. It only includes property refinance settlements (not sale settlements) and excludes properties not part of a refinance (e.g. if the loan is completely repaid and the mortgage is discharged). 'Major banks' include their sub brands and subsidiaries.

Postcode 3029 (Truganina) recorded 1,492 refinances for the Sep-22 Qtr, topping the rankings



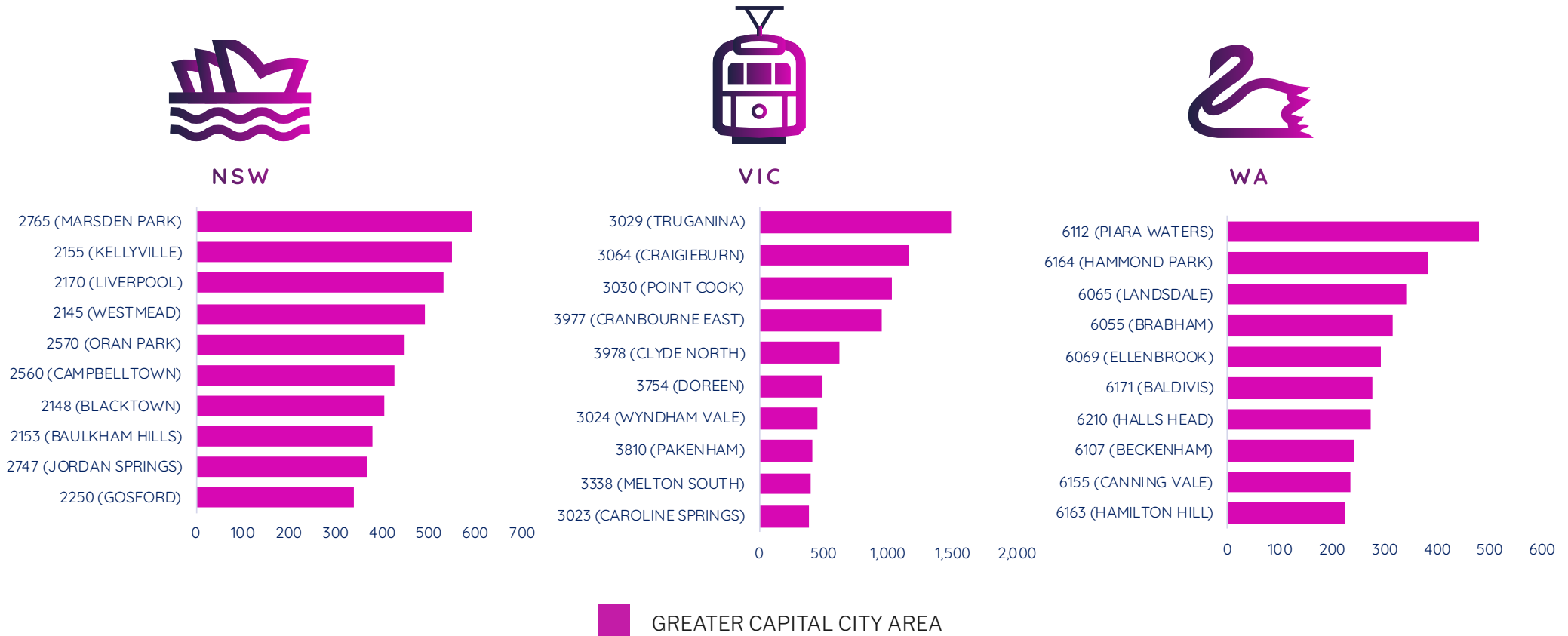
Source: PEXA

Analysis only includes properties settled digitally through PEXA Exchange.

Includes NSW, VIC & QLD only Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

Postcode 2765 (Marsden Park) topped NSW with 6112 (Piara Waters) leading in WA

TOP-10 POSTCODES FOR REFINANCES, SEP-22 QTR



Source: PEXA

Analysis only includes refinances settled digitally via PEXA. Not available for QLD.
Data analysed at postcode level with the prominent suburb in that postcode shown for convenience

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our insights offering or PEXA data, please contact:



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