

PEXA Mortgage Insights Report

FULL YEAR 2022



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Property refinances surged, whilst new loans declined in a softer market



Mike Gill, Head of Research PEXA

2022 saw a spike in refinances, with 378,354 recorded in NSW, VIC, QLD and WA, up 11.4% on the prior year. Property owners continued to seek out better deals from lenders as rising interest rates and inflation put pressure on household budgets.

The growth in refinances partially offset the declines in new loans. New loans in these mainland states were down by 12.8% to 502,074 in 2022, as the market continued to soften with less property transactions compared to the previous year. Loan-to-value ratios (LVRs) also fell for new residential loans as lenders tightened credit limits in response to rising interest rates and lending standards.

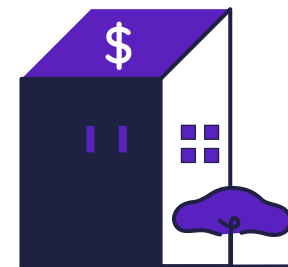
RESIDENTIAL HIGHLIGHTS

- > **VIC led the country with greatest volume of refinances.** Over 134K refinances were completed in VIC in 2022, up 7.7% on the prior year.
- > **VIC also topped the national for new lending.** 143,212 residential new loans were taken out in 2022. Although this was down 11.1% on 2021, it was slightly ahead of second placed QLD with 140,287 new loans.
- > **Average residential loan amounts increased in all states and were highest in NSW at \$841,539 for 2022.** This was well ahead of VIC on \$629,900 and QLD on \$521,085, and consistent with the higher property values in the state.



COMMERCIAL HIGHLIGHTS

- > **Although down 3.6% year-on-year, VIC saw the greatest commercial lending activity.** 6,449 commercial new loans were recorded in the state in 2022.
- > **QLD experienced the highest growth in commercial lending.** 11.4% more new commercial loans were taken out throughout 2022, compared to the prior year.
- > **Postcode 2000 (Sydney) recorded the highest volume of commercial new loans.** 313 new loans were recorded in the postcode in 2022.



This report provides 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 includes new loans and refinances lodged digitally via PEXA. As at Dec-22, over 98% of property sales in NSW & VIC, over 85% in QLD and 80% in WA were settled via PEXA. Our analysis defines property settlements that were funded with a loan as a new loan, regardless of whether an existing loan facility was used. As at Dec-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).

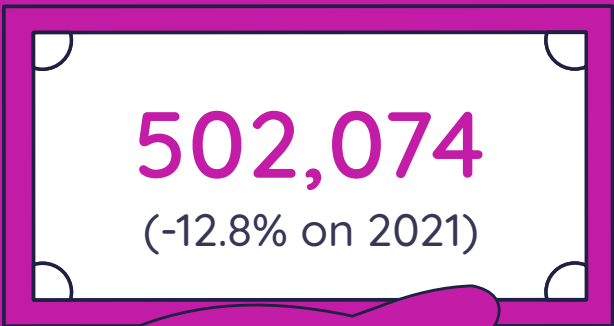
Over 502K new loans were taken out in 2022 to fund the purchase of a property

This was down 12.8% on the prior year (for the states of NSW, VIC, QLD & WA)

TOTAL NEW LOANS

NSW, VIC, QLD & WA FULL YEAR 2022

(INCLUDES RESIDENTIAL & COMMERCIAL LOANS)



Source: PEXA

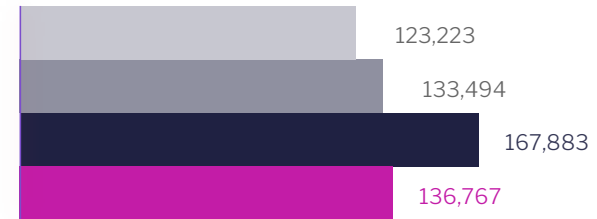
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NEW LOANS, TOTAL VOLUME

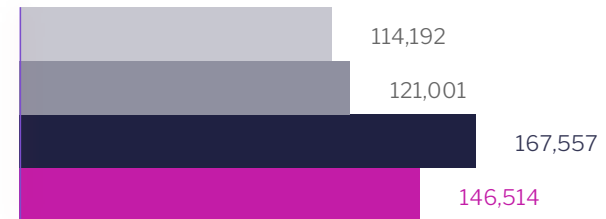
— CY2019 — CY2020 — CY2021 — CY2022



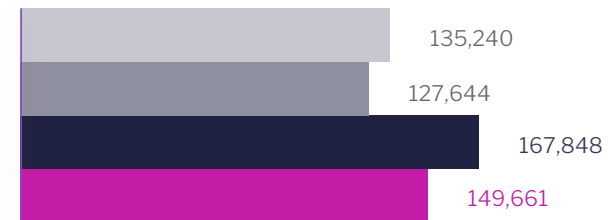
NSW



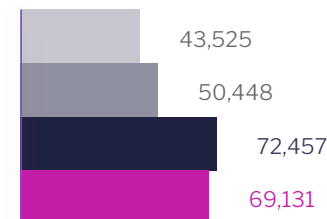
QLD



VIC



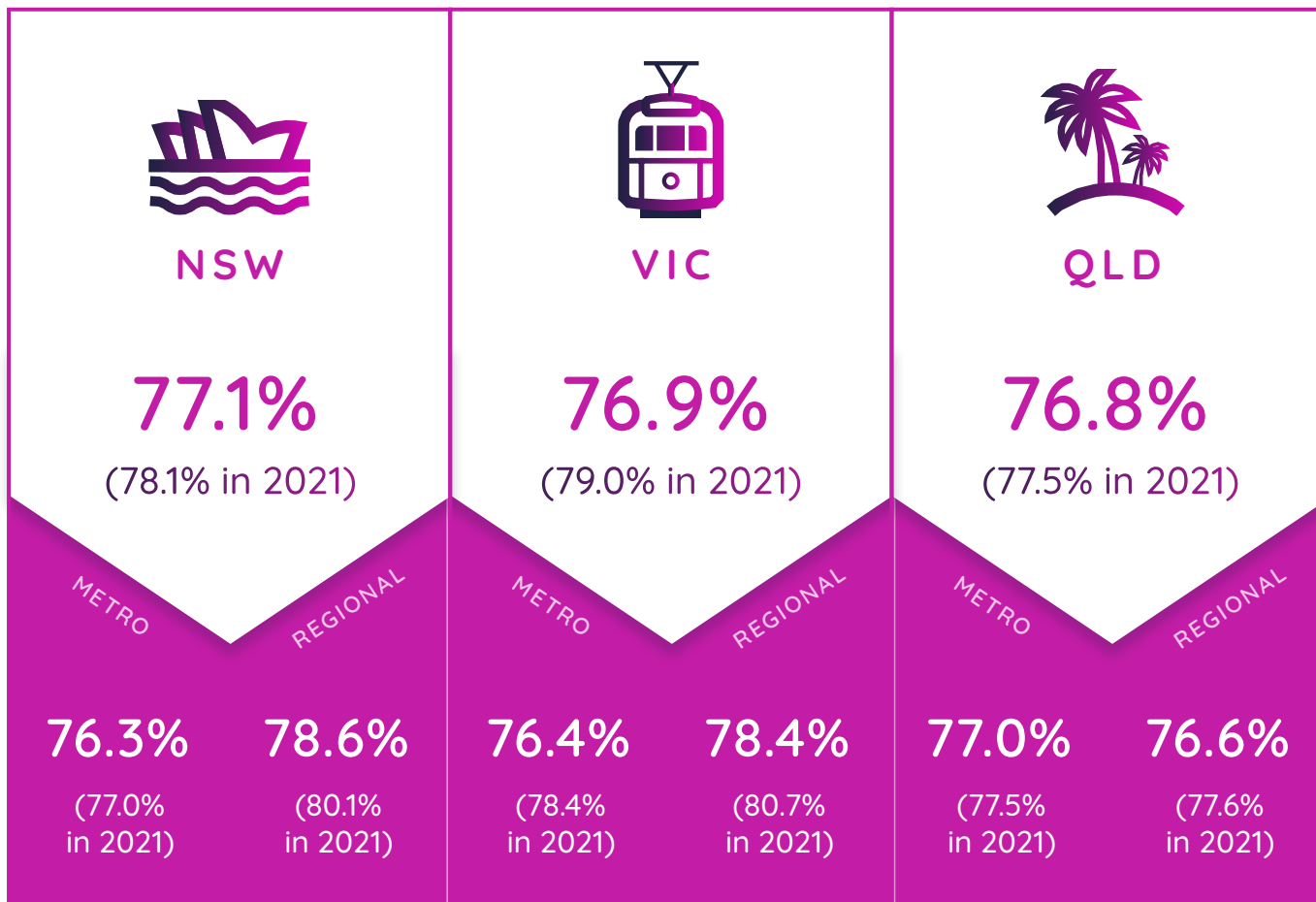
WA



Average LVRs declined in all eastern states in 2022 as credit standards tightened

NSW had the highest average LVRs (Loan-to-value ratios) at 77.1% in 2022, although this was down 1.0% on 2021

AVERAGE LVRs FOR RESIDENTIAL NEW LOANS, FULL YEAR 2022



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.

Source: PEXA

Note: Residential new loans not available for WA & SA.

Average loan amounts increased in all eastern states in line with higher property prices

NSW recorded the highest average loan amount of \$841,539 in 2022, up from \$771,226 in 2021 and ahead of VIC on \$629,900

AVERAGE LOAN AMOUNT FOR RESIDENTIAL NEW LOANS, FULL YEAR 2022



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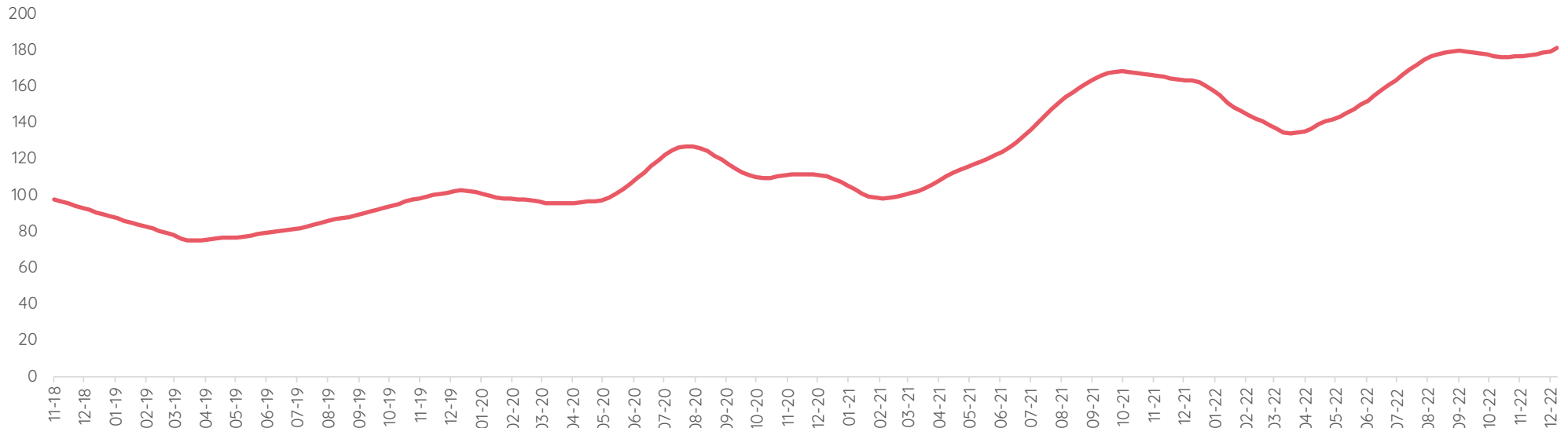
Source: PEXA

Note: Residential new loans not available for WA & SA.

PEXA's Refinance Index hit a new record in the week ending 25 Dec 2022

The national, seasonally adjusted index hit 181.6 during that week as many borrowers completed their refinance before the Christmas break

PEXA REFINANCE INDEX, NATIONAL, SEASONALLY ADJUSTED



PEXA Refinance Index:

PEXA's [Refinance Index](#) provides timely insights into property refinancing in Australia. The seasonally adjusted index shows weekly changes in the number of refinances, by state, since the start of the index in Oct-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](#).

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

Source: PEXA, Land Services SA

Refinances continued to rise across all states in 2022

Over 378K property refinances were recorded in the states of NSW, VIC, QLD & WA

TOTAL REFINANCES
NSW, VIC, QLD & WA FULL YEAR 2022
 (INCLUDES RESIDENTIAL & COMMERCIAL)

378,354
 (+11.4% on 2021)

VIC continued to lead the country with 134,876 property refinances completed in 2022.

Source: PEXA

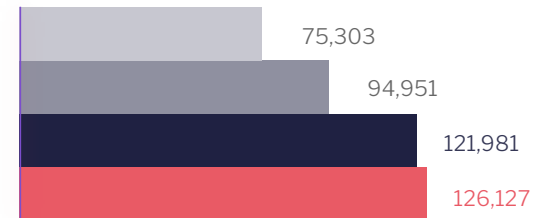
Note: Our analysis only includes refinances lodged digitally via PEXA. As at Sep-22, over 95% of property refinances nationally were lodged via PEXA. Refinances include external refinances (where the home loan is refinanced with a different lender) and excludes internal refinances (where the home loan is refinanced with the same lender). Analysis includes both Residential and Commercial property refinances.

REFINANCES, TOTAL VOLUME

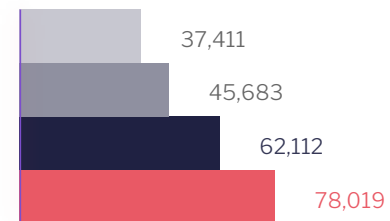
— CY2019 — CY2020 — CY2021 — CY2022



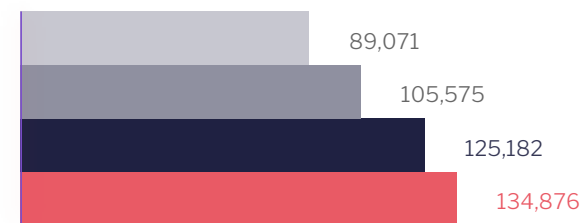
NSW



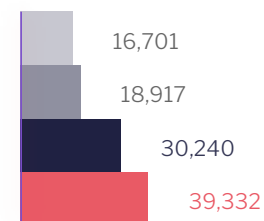
QLD



VIC



WA



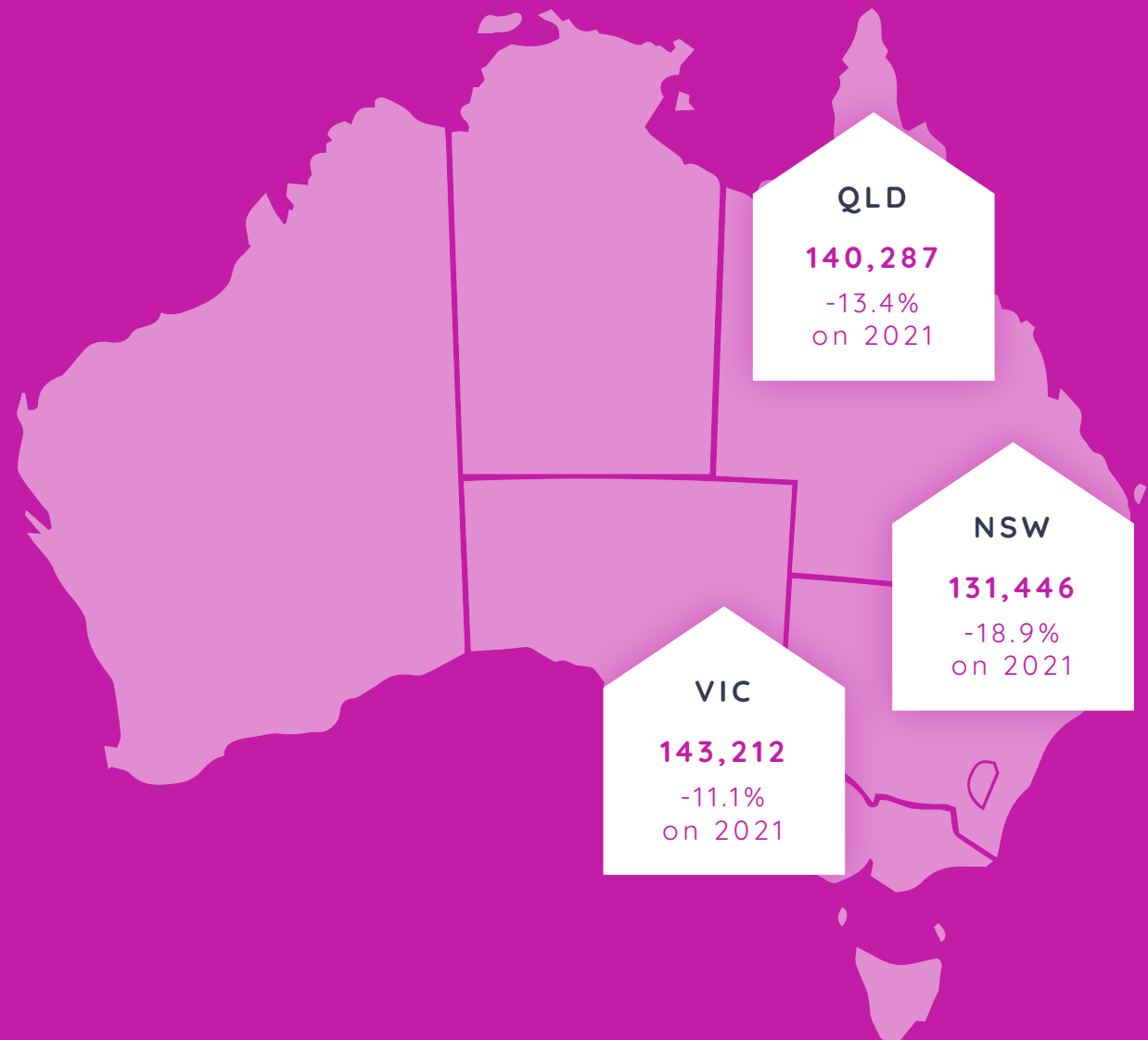
New Loans



Residential new loans dropped across the eastern states in 2022 as the property market softened

VIC recorded the highest volume with over 143K new loans written

NSW saw the largest decline, down 18.9% on the prior year, reflecting that state being further progressed in the current market downturn



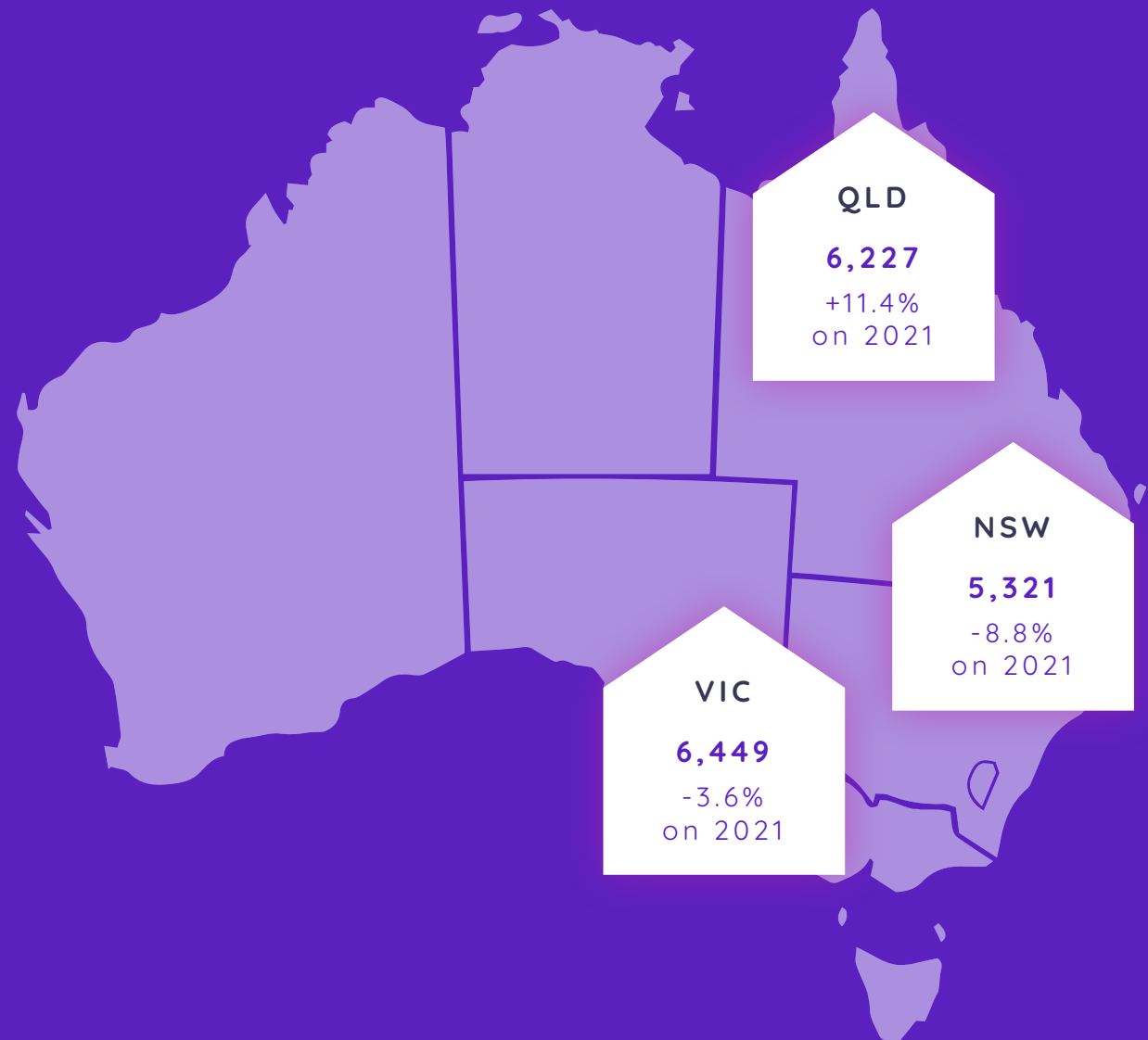
Source: PEXA

Note: Residential new loans not available for WA

VIC recorded the highest volume of commercial new loans with 6,449 drawn down in 2022

QLD was the only state to see an increase in new loans, up 11.4% on 2021

Similar to residential new loans, NSW experienced the greatest decline in commercial new loans, down 8.8% year-on-year.



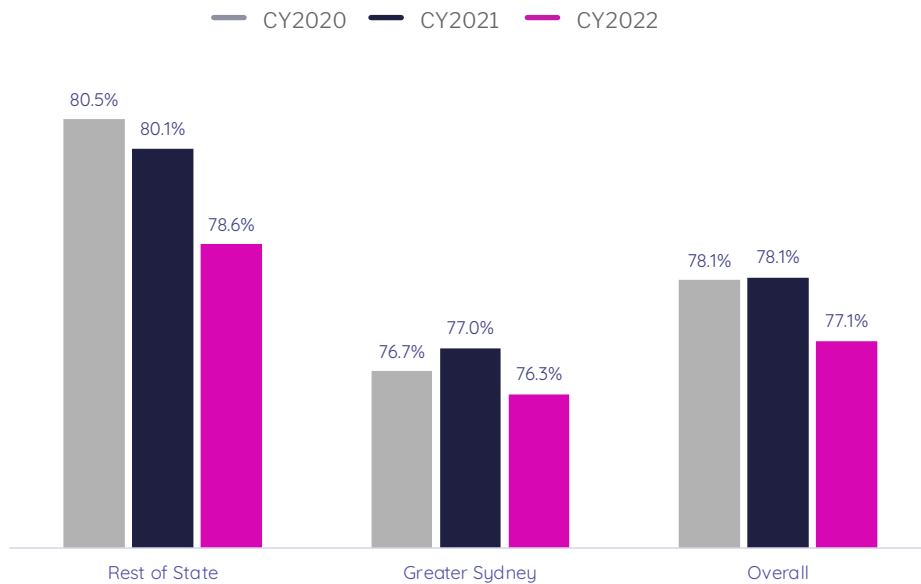
Source: PEXA

Note: Commercial new loans not available for WA

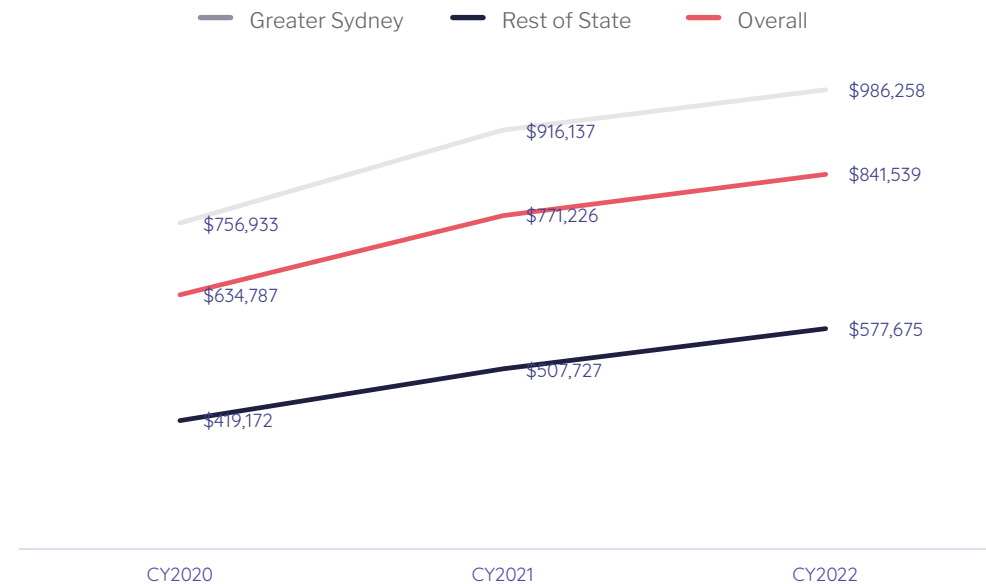
The average LVR for residential new loans in NSW hit 77.1% in 2022, a slight decline on prior years

However the average loan amount continued to rise dramatically reaching \$986K in Greater Sydney

NSW - AVERAGE LVR FOR RESIDENTIAL NEW LOANS



NSW - AVERAGE LOAN AMOUNT FOR RESIDENTIAL NEW LOANS



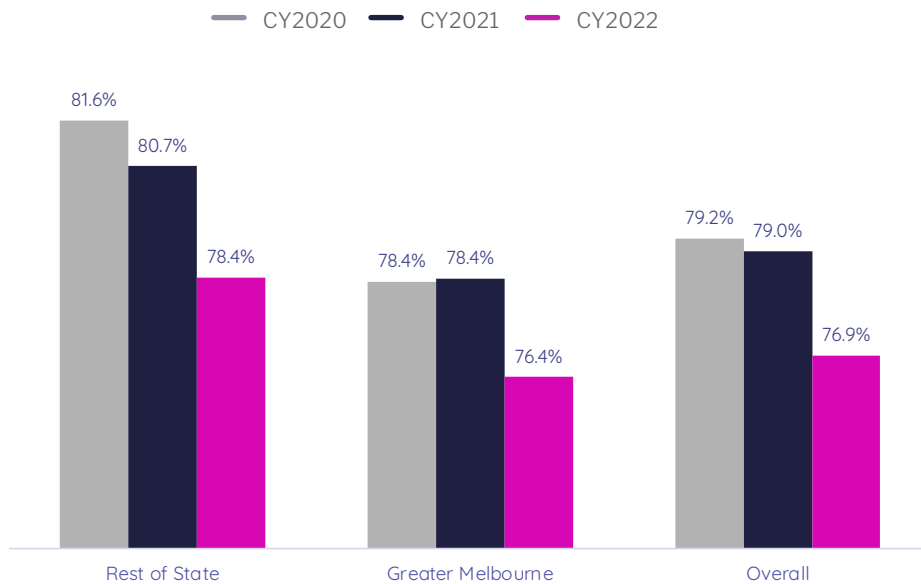
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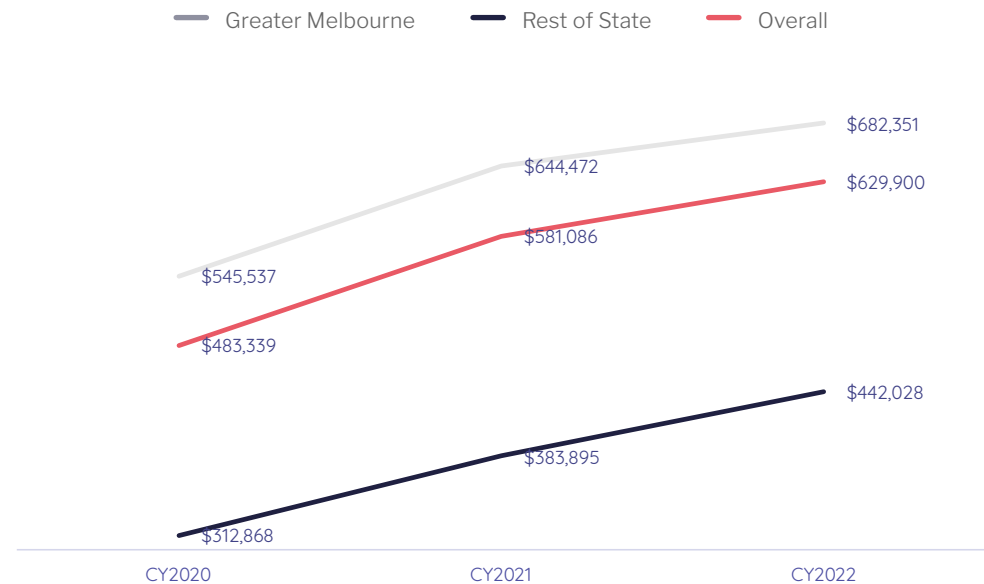
The average LVR in VIC fell by over 2.0% in 2022, dropping to 76.9%

Average residential loan amounts rose throughout VIC, and was highest in Greater Melbourne reaching \$682K in 2022

VIC - AVERAGE LVR FOR RESIDENTIAL NEW LOANS



VIC - AVERAGE LOAN AMOUNT FOR RESIDENTIAL NEW LOANS

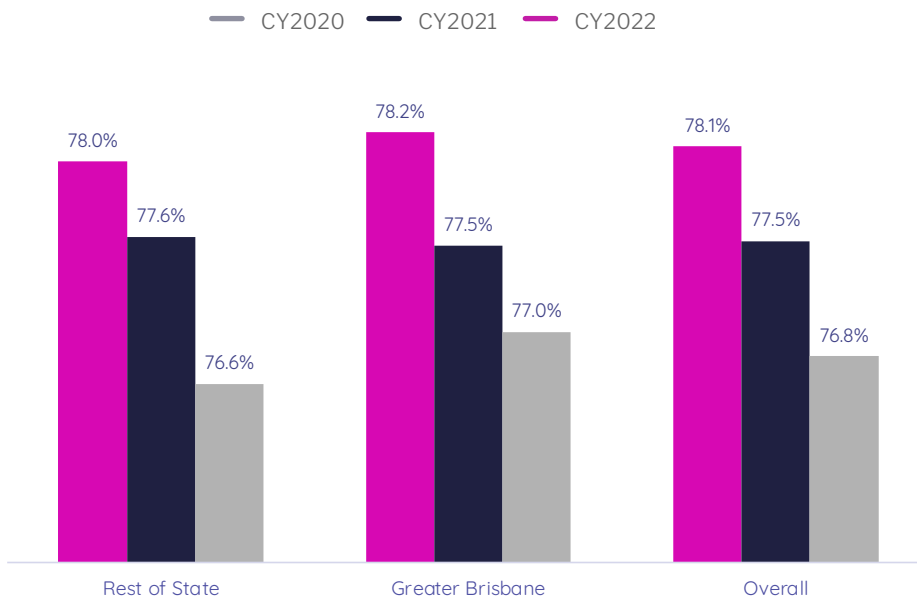


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The average LVR also fell in QLD in 2022, dropping to 76.8%

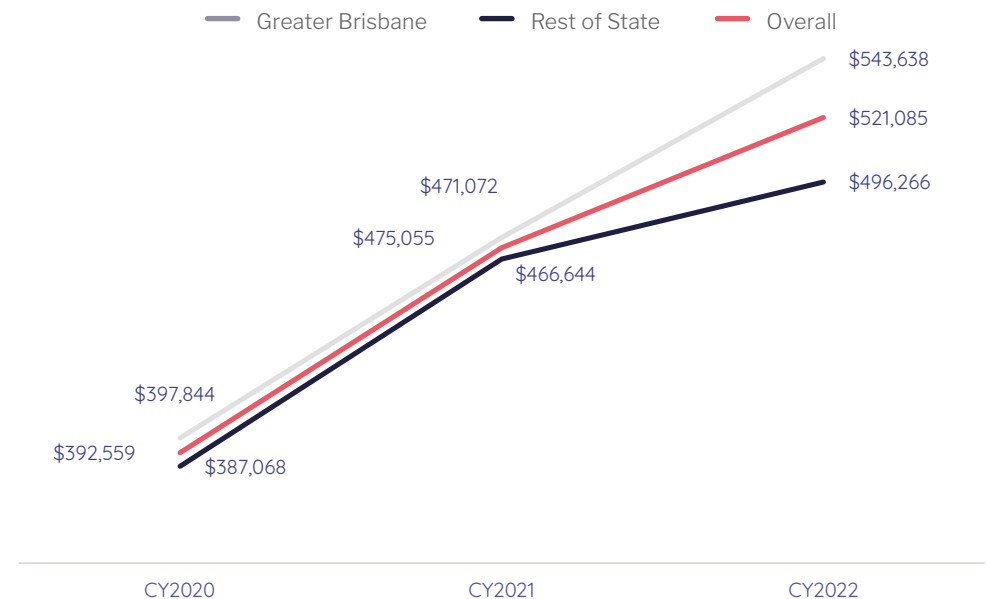
QLD - AVERAGE LVR FOR RESIDENTIAL NEW LOANS



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.

Similar to other states, the average residential loan amount in QLD continued to climb, reaching over \$521K in 2022

QLD - AVERAGE LOAN AMOUNT FOR RESIDENTIAL NEW LOANS



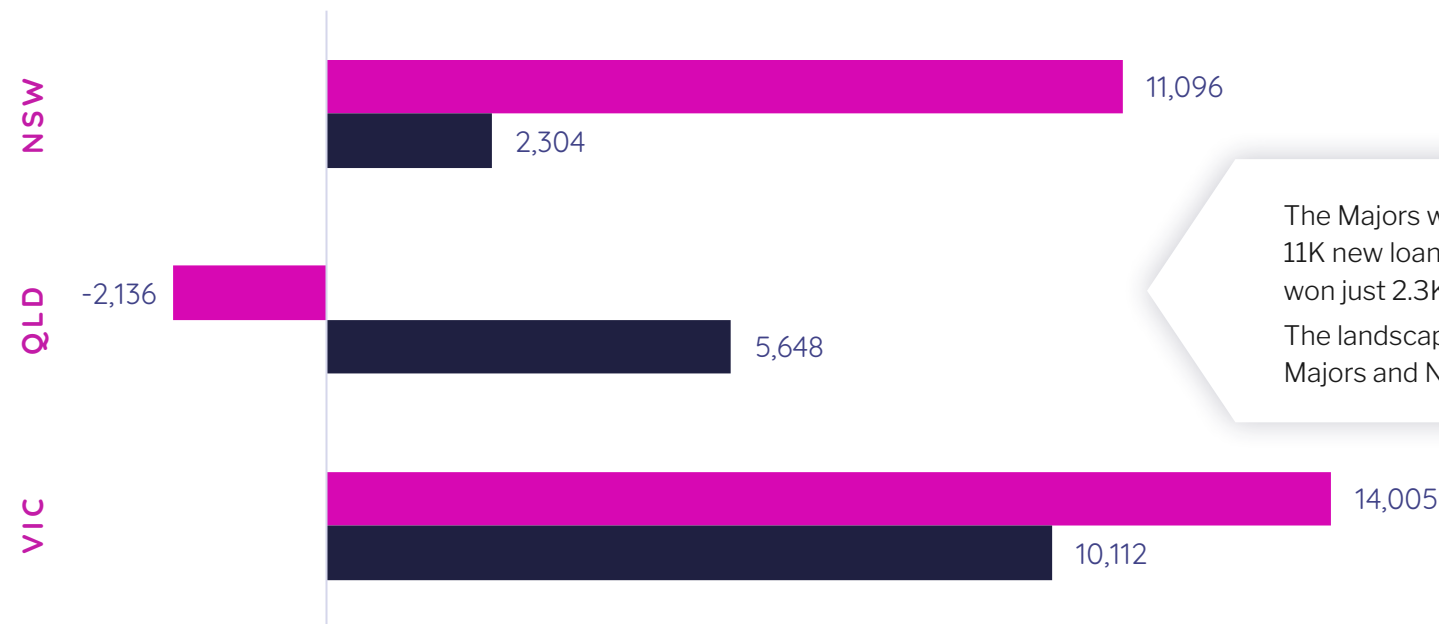
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Major banks were successful in winning more new residential loans than they lost in 2022 in NSW and VIC

However Major banks were down over 2,100 new loans in QLD, with the Non-majors dominant in that state

WINS / LOSSES, RESIDENTIAL NEW LOANS, FULL YEAR 2022

Major Non-major



The Majors were particularly strong in NSW winning over 11K new loans in 2022, compared to the Non-majors who won just 2.3K over the same period.

The landscape was more competitive in VIC where both Majors and Non-majors grew their new loans in 2022.

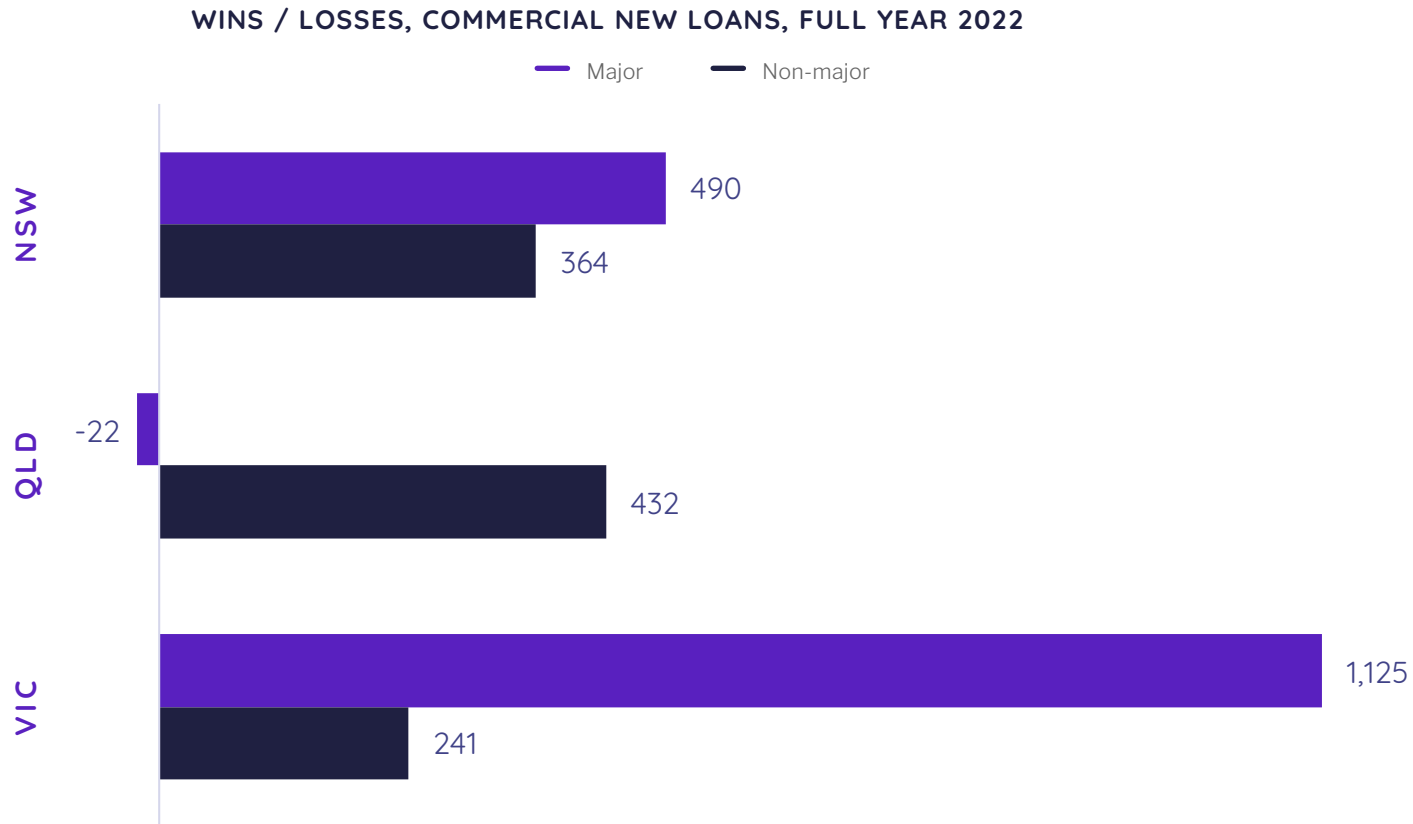
Wins / losses (new loans) shows the net increase or decrease in mortgages over the time period for lenders. The calculation takes the total number of new loans and subtracts the total number of discharged mortgages for properties that sold in that time period. Importantly, it only includes property sale 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.

Source: PEXA

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

Similar to residential, the Majors led in NSW and VIC for commercial new loans, whilst they trailed in QLD

The Majors dominated in VIC, up over 1.1K new commercial loans



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.

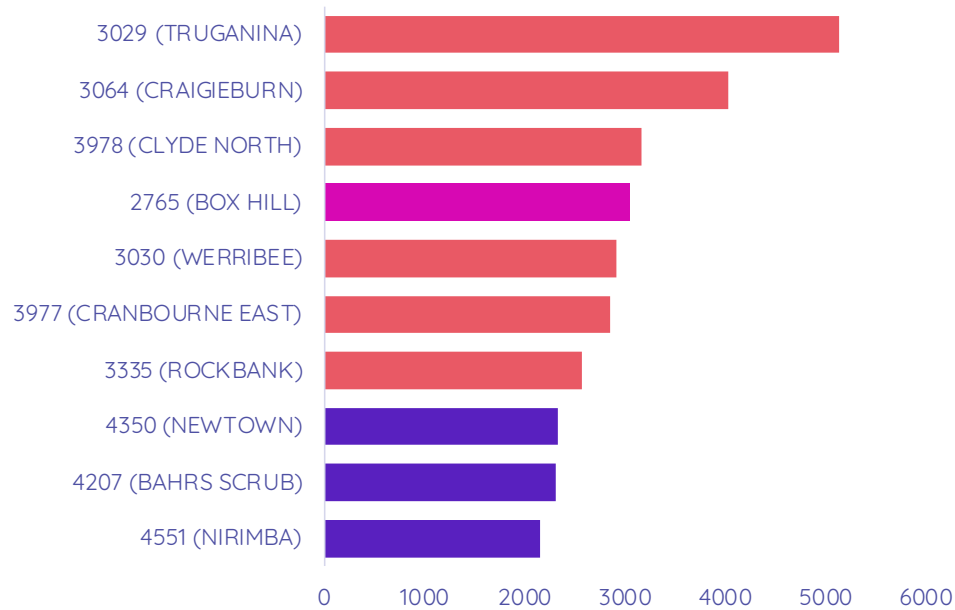
Source: PEXA

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

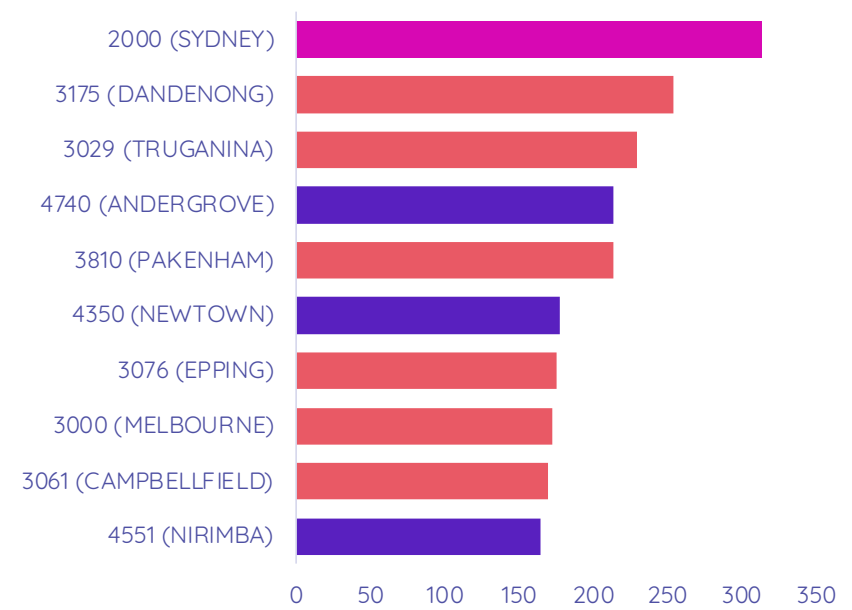
Postcode 3029 (Truganina) recorded the most residential new loans in 2022 at over 5.1K

Postcode 2000 (Sydney) recorded the most commercial new loans in 2022 at over 300

Top-10 POSTCODES FOR RESIDENTIAL NEW LOANS, Full Year 2022



Top-10 POSTCODES FOR COMMERCIAL NEW LOANS, Full Year 2022



— NSW — VIC — QLD

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.

Source: PEXA

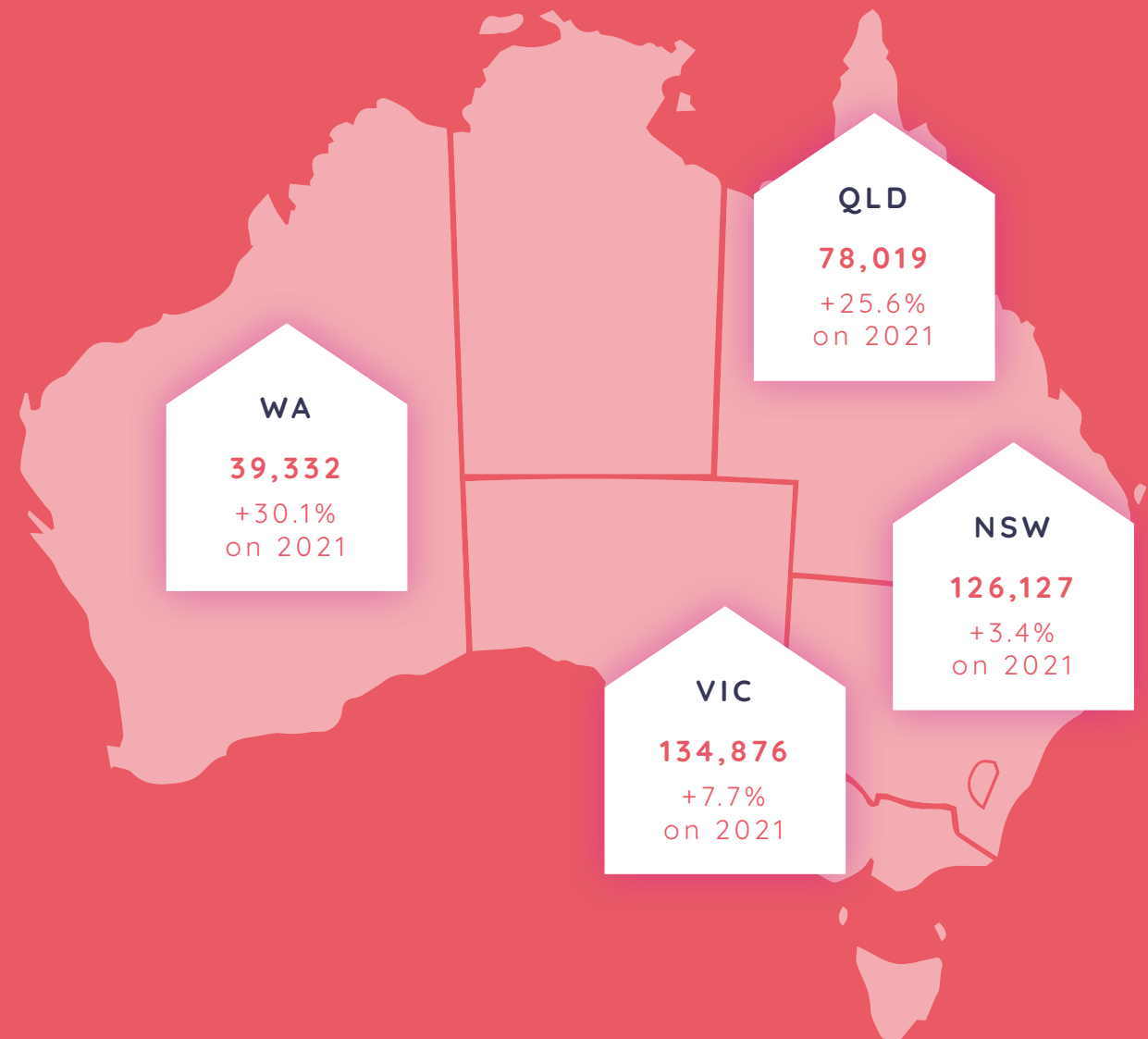
Refinances



VIC recorded the most refinances nationally in 2022 at nearly 135K

All states experienced growth in refinances in 2022, with WA (+30.1%) and QLD (+25.6%) growing fastest

Borrowers continued to refinance at record levels, motivated to get a better deal on their home loan as interest rates rose, putting pressure on household budgets.

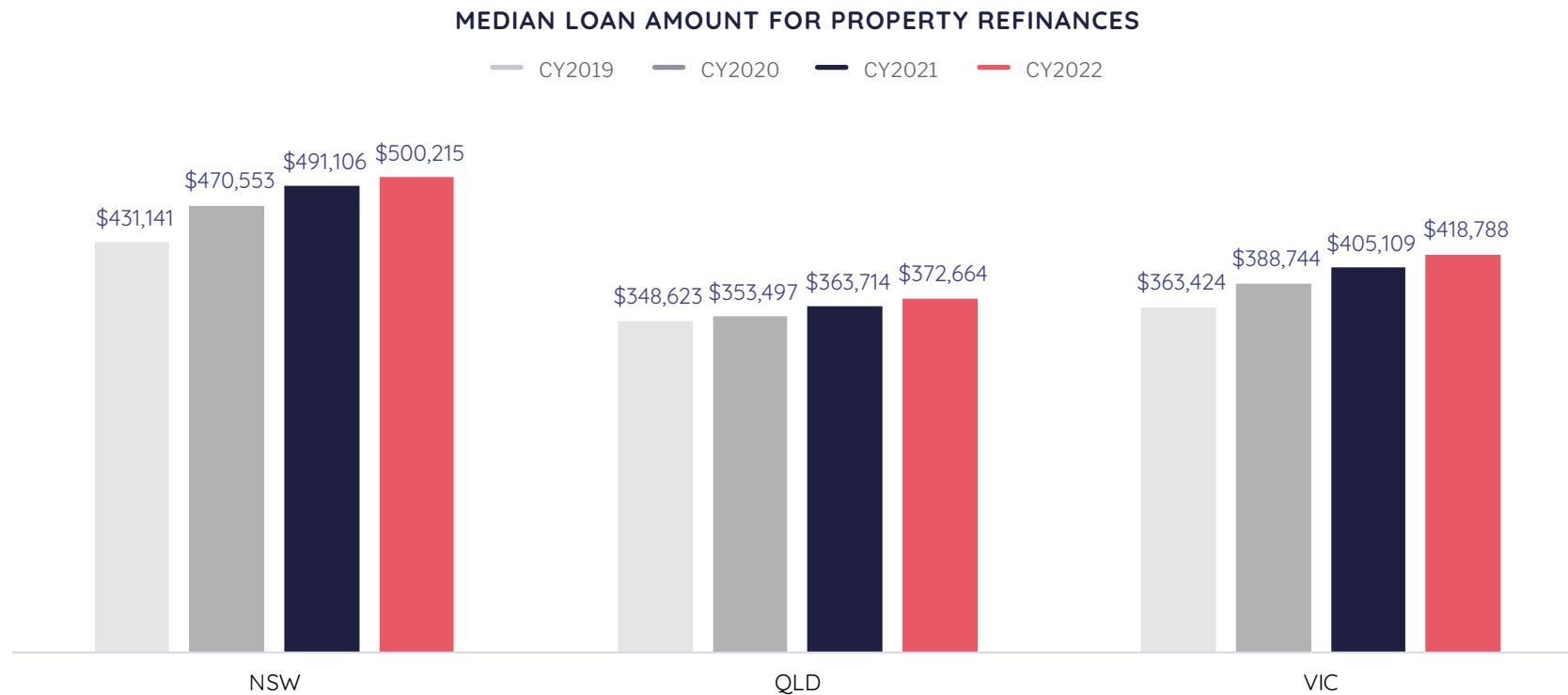


Source: PEXA

Note: includes both residential and commercial refinances

The median refinanced amount in the eastern states climbed steadily over the past 4 years

The median refinanced amount was highest in NSW, hitting \$500K in 2022, reflecting higher property prices in the state



The median loan amount for property refinances includes both residential and commercial. It should be noted that the median loan amount 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 amount of \$550K, the \$500K is used for the calculation, not the \$550K. As at Dec-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 exclude internal refinances (where the home loan is refinanced with the same lender).

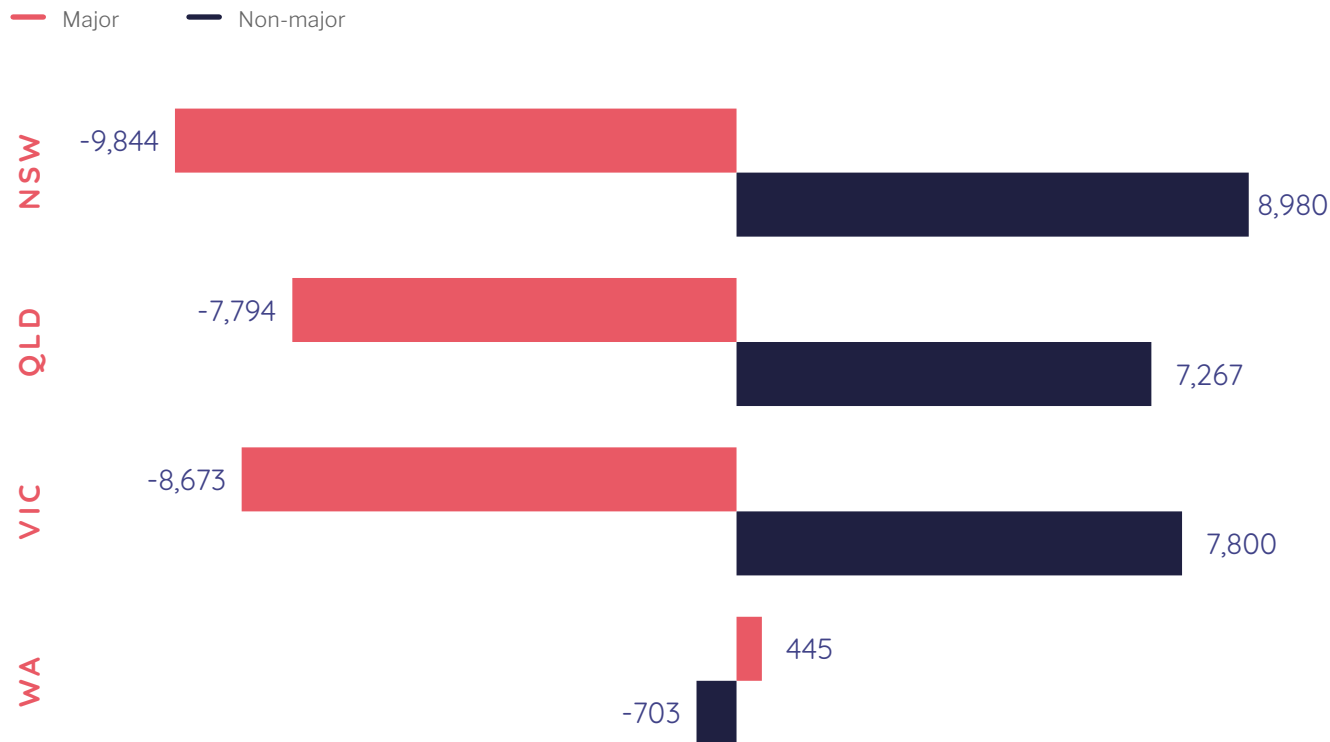
Source: PEXA

Note: Analysis only includes properties settled digitally through PEXA.

The Non-majors were in a dominant leading position across all eastern states in 2022 for refinances

Major bank customers continued to refinance with Non-major lenders throughout the year

WINS / LOSSES, REFINANCES, FULL YEAR 2022



Whilst a smaller market, the Major banks led the Non-majors in WA for refinances. The Major banks won 445 more refinances than they lost in this state during 2022.

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.

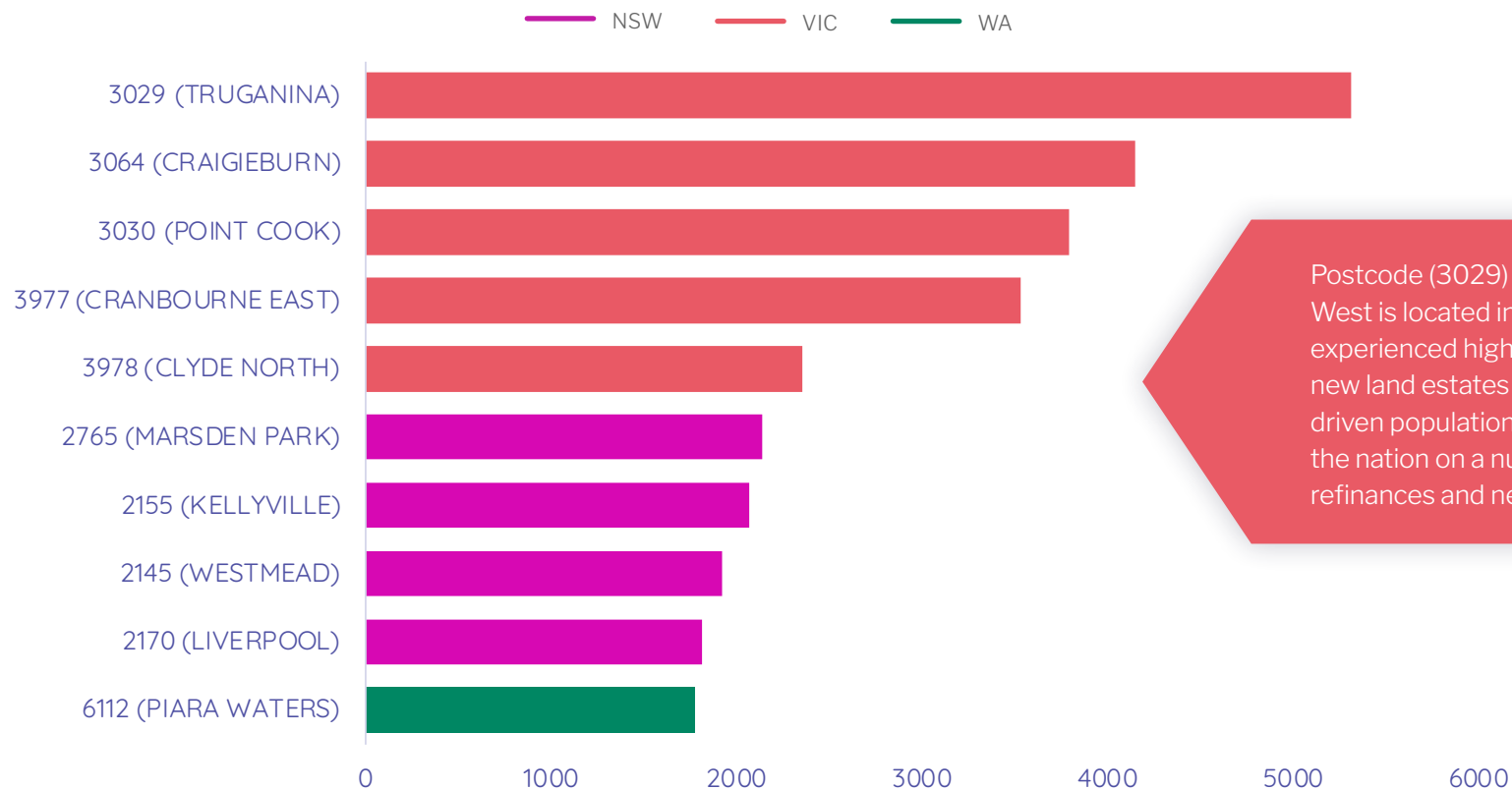
Source: PEXA

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

Postcode 3029 (Truganina) topped the country with the most refinances in 2022

Postcode 3029 (Truganina) also topped the nation for residential new loans, highlighting this highly active region for lenders

NATIONAL TOP-10 POSTCODES FOR REFINANCES, FULL YEAR 2022



Postcode (3029) Truganina in Melbourne's Outer West is located in a growth corridor. The region has experienced high levels of development with many new land estates located in the postcode. This has driven population growth in the area and seen it top the nation on a number of lending measures including refinances and new residential loans.

Analysis only includes refinances settled digitally via PEXA. Not available for QLD.

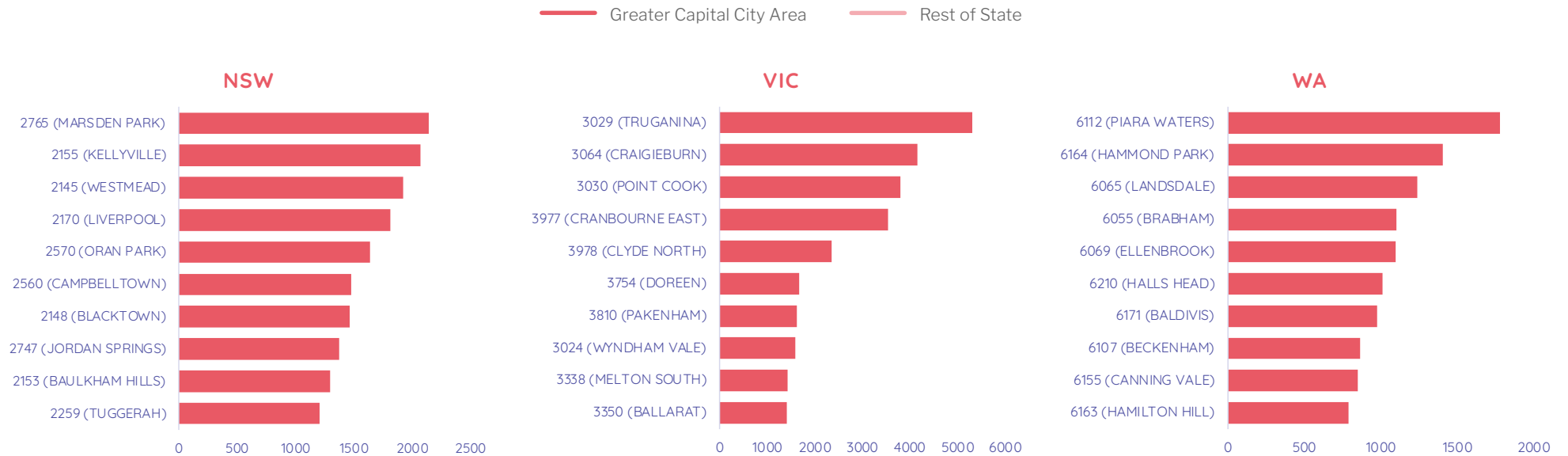
Data analysed at postcode level with the prominent suburb in that postcode shown for convenience.

Source: PEXA

Across NSW, VIC and WA, capital city postcodes saw the highest refinancing activity

No regional postcodes made the top-10 in 2022, as lenders competed strongly in more populated urban centres

TOP-10 POSTCODES FOR REFINANCES, FULL YEAR 2022



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.

Source: PEXA

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



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