Emerging Mortgage Risk

How Rising Interest Rates are
Impacting Recent Borrowers

APRIL 2023

Methodology

This report highlights the current and future risks posed to the property market as interest rates continue to rise from the record lows during the COVID pandemic, and examines the impact on recent borrowers who purchased residential property.

Our analysis combines unique PEXA data (loan amounts used to fund the purchase of property) with ABS Census 2021 data (median family income) and RBA data (lenders interest rates) to quantify the increased strain on recent borrowers and identify the areas most at risk. We have focused on residential property purchases in the eastern states of New South Wales, Victoria and Queensland over the period January 2020 to February 2023.

What is Mortgage Risk?

In this report Mortgage Risk indicates how difficult it is for families within a given postcode to meet their home loan repayments. It is calculated as the median monthly home loan repayments as a proportion of the median monthly family income for each postcode. Mortgage Risk is reported as a percentage grouped into four risk bands. The higher the percentage the greater the mortgage risk. That is, families in high risk postcodes require a larger proportion of income to meet their repayments, leaving them at greater risk of mortgage default.

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

Data was analysed at a postcode level and we reported changes over the period, as well as providing a forecast for May-23 (based on the consensus industry view that the interest rate cycle will peak at or around this time). Mortgage Risk is calculated using medians for loan amount and family income at a postcode level, and differs from Mortgage Stress which is calculated at an individual property level. Family income was used instead of household income as it better represents income for mortgage holders. Mortgage repayments are calculated using RBA lender interest rates at the end of each calendar year during our analysis period being, Dec-20, Dec-21 and Dec-22. We inferred the lender interest rate for May-23 by assuming two additional 25 basis points rises from the cash rate of 3.60% as at Mar-23. Only postcodes with more than 150 new loans recorded over the analysis period were included. Repayments are based on an Owner Occupier, Principal & Interest, variable rate loan over 30 years. Popular holiday destinations were removed from our analysis due to high proportion of non-residents purchasing properties in those postcodes.

Limitations of the analysis that should be considered are, 1. the ABS 2021 census median family income data used is for all families in the postcode, regardless of whether they purchased a home during the analysis period; 2. PEXA loan amount data used is for all residential property purchases regardless of whether it was owner-occupied or for investment purposes, and; 3. this analysis used variable rate interest rates and does not consider borrowers who have fixed their rates during the analysis period.

Key Findings

NSW exhibited the greatest degree of mortgage risk amongst the eastern states. The increase in interest rates had shifted a significant number of postcodes from a lower Mortgage Risk profile to a high risk profile. Mortgage Risk in NSW is mainly concentrated in metropolitan areas with nearly all the very high risk postcodes located in Greater Sydney.

Median loan repayments had increased significantly since Dec-20 as interest rates rose. Recent borrowers in NSW required an additional $16K per year to meet their new loan repayments. Across the eastern states, recent borrowers were forecast to see their repayments increase by around 65%.

Affluent metropolitan areas topped the most risky postcodes in NSW and VIC. Whereas in QLD regional postcodes were most likely to fall in the high risk band. 2063 (Northbridge) in the lower north shore of Sydney and 3103 (Balwyn) in the inner-east of Melbourne topped their respective states.

Number of postcodes forecast with high Mortgage Risk[1] by May-23 (% of all postcodes in state[2])

NSW	181 (46.1%)
VIC	74 (22.3%)
QLD	19 (8.7%)

Forecast increased annual repayments for median loan value by May-23 (% increase from Dec-20)

NSW	$15,985 (+62.3%)
VIC	$13,327 (+67.3%)
QLD	$11,567 (+67.0%)

Highest Mortgage Risk postcodes[3] forecast by May-23 (Mortgage Risk)

NSW	2063 (Northbridge) 71.8% - Very High Risk
VIC	3103 (Balwyn) 74.2% - Very High Risk
QLD	4566 (Noosaville) 58.3% - High Risk

$15,985
(+62.3%)
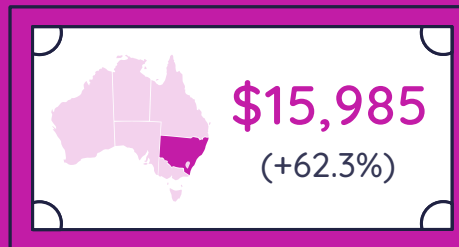
1 Includes postcodes with high and very high Mortgage Risk

2 Only postcodes that recorded >150 new loans during the analysis period were included

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

Note: Our analysis only includes new loans lodged digitally via PEXA. As at Mar-23, over 98% of property sales in NSW, VIC & QLD were settled via PEXA. It should be noted our analysis considers property settlements that were funded with a new loan, regardless of whether an existing loan facility was used.

Loan figures quoted include all residential properties and exclude commercial properties. Any non-monetary settlements such as family transfers or gifts have been excluded.

As interest rates have increased all states recorded a greater volume of postcodes with Mortgage Risk

This was most apparent in NSW, with 181 postcodes in the state expected to exhibit high Mortgage Risk by May-23

NSW: Number of postcodes with Mortgage Risk
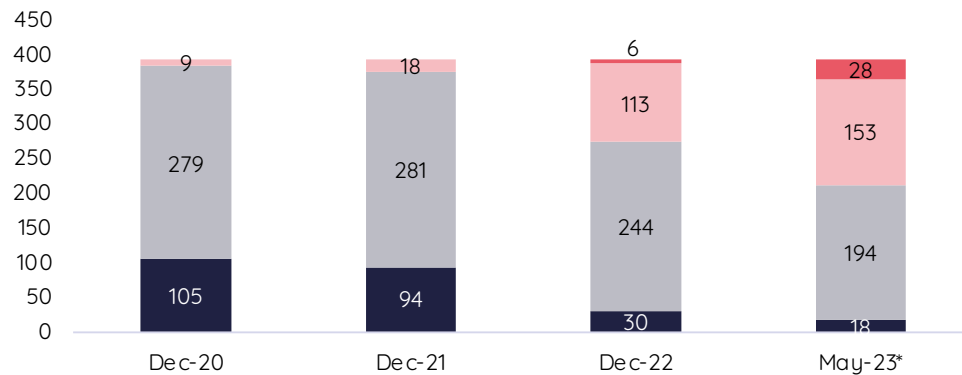
VIC: Number of postcodes with Mortgage Risk
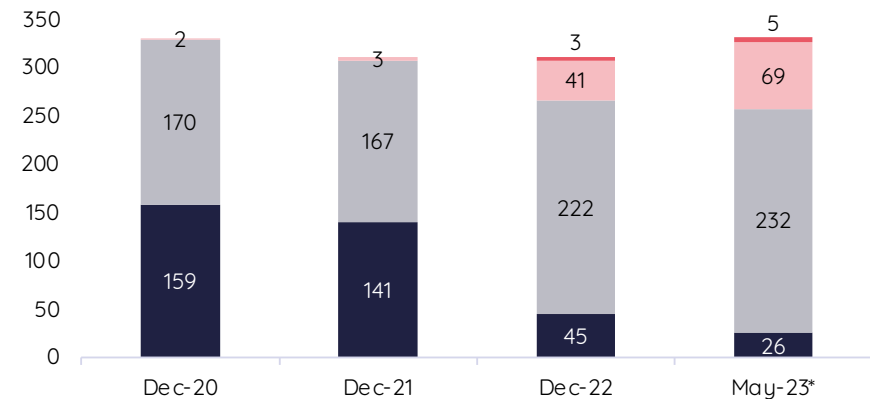
QLD: Number of postcodes with Mortgage Risk
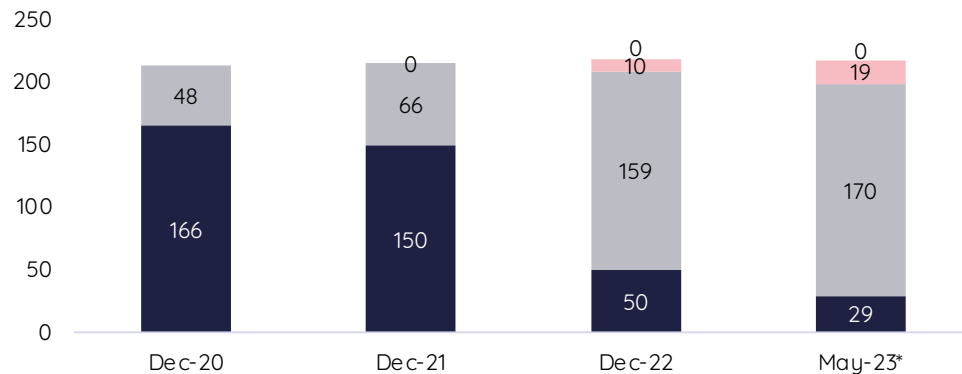
The change in risk profile for postcodes in NSW was considerable with only nine postcodes at high mortgage risk in Dec-20. This is forecast to climb to 181 as the interest rate cycle is expected to peak in May-2023.

Over this same period, 74 Victorian postcodes are expected to move into high mortgage risk, up from two in Dec-20. QLD exhibited a lower risk profile than other eastern states, with 19 postcodes expected to move into high mortgage risk by May-23. The higher risk in NSW and lower risk in QLD was driven largely by property prices in the respective states which in turn influenced loan amounts.

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

* May-23 forecast **Source:** PEXA, ABS, RBA **Note:** Only postcodes that recorded >150 new loans during the analysis period were included

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Postcodes with High Mortgage Risk* were spread across a range of affordable and affluent postcodes

NSW
- 26.5%
- 38.1%
- 21.5%
- 13.8%

VIC
- 24.3%
- 39.2%
- 24.3%
- 12.2%

QLD
- 10.5%
- 36.8%
- 31.6%
- 21.1%

Income Group
● Low ● Middle ● High ● Very High
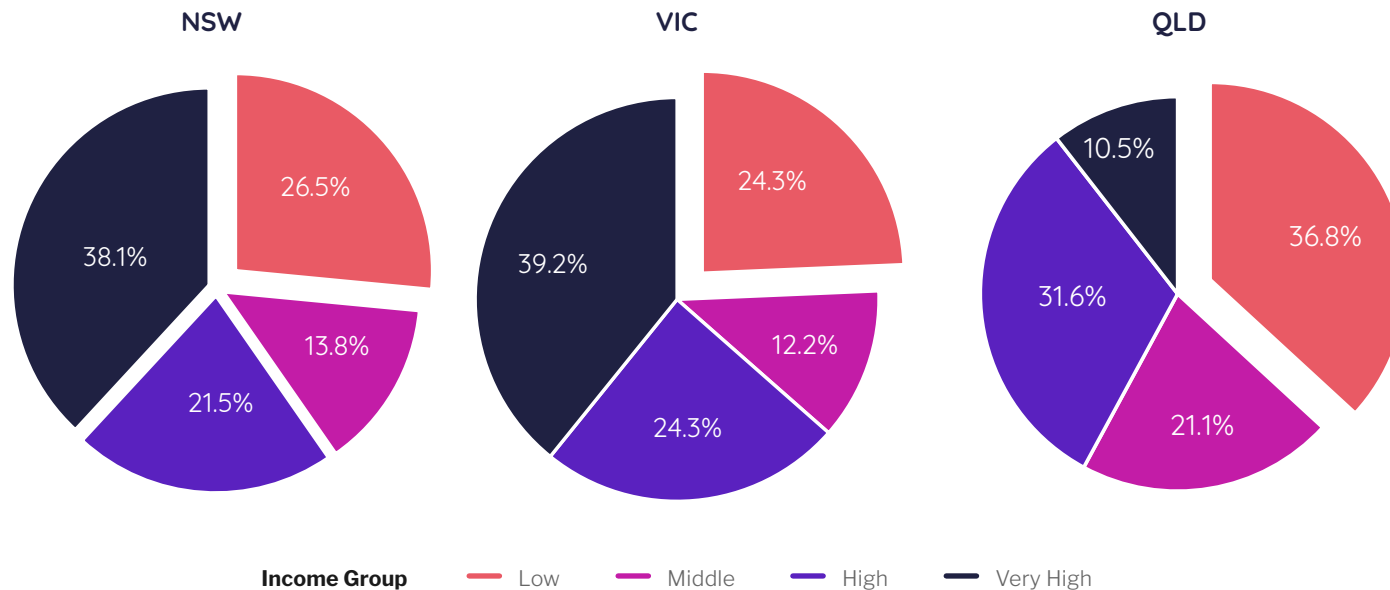
High risk postcodes in each state were divided into four groups by median family income,

- **Low Income** refers to the bottom 40% of postcodes in the first and second quintiles (0-40th percentile) of median income;
- **Middle Income** refers to the 20% of postcodes in the third quintile (40-60th percentile) of median income;
- **High Income** refers to the 20% of postcodes in the fourth quintile (60-80th percentile) of median income; and
- **Very High Income** refers to the 20% of postcodes in the fifth quintile (80-100th percentile) of median income.

The income distributions of high risk postcodes in NSW and VIC were similar and encompassed both high and low income areas. Almost 40% were from the very high income postcodes, with around a quarter from low income postcodes.

This contrasted to QLD, with the high risk postcodes skewed towards lower income areas. 37% were low income postcodes and only 11% were very high income postcodes. However, it should be noted that QLD only had 19 high risk postcodes in total.

* May-23 forecast **Source:** PEXA, ABS, RBA **Note:** Only postcodes that recorded >150 new loans during the analysis period were included

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Postcode 2063 (Northbridge) is forecast to have the highest Mortgage Risk in NSW

Postcodes **2063 (Northbridge)**, **2158 (Dural**) and **2107 (Avalon Beach)** in Sydney ranked highest for Mortgage Risk with recent borrowers forecast to require more than 70% of the postcode's median family income to cover increased repayments by May-23. A mix of metropolitan postcodes dominated the rankings with recent borrowers in affluent postcodes like **2030 (Vaucluse)** and more affordable areas like **2165 (Fairfield)** at very high mortgage risk.

Postcode **2576 (Bowral)** was the only regional postcode in NSW to make the top-20. Recent borrowers were expected to require 63.1% of the postcodes median family income to service their increased repayments by May-23.
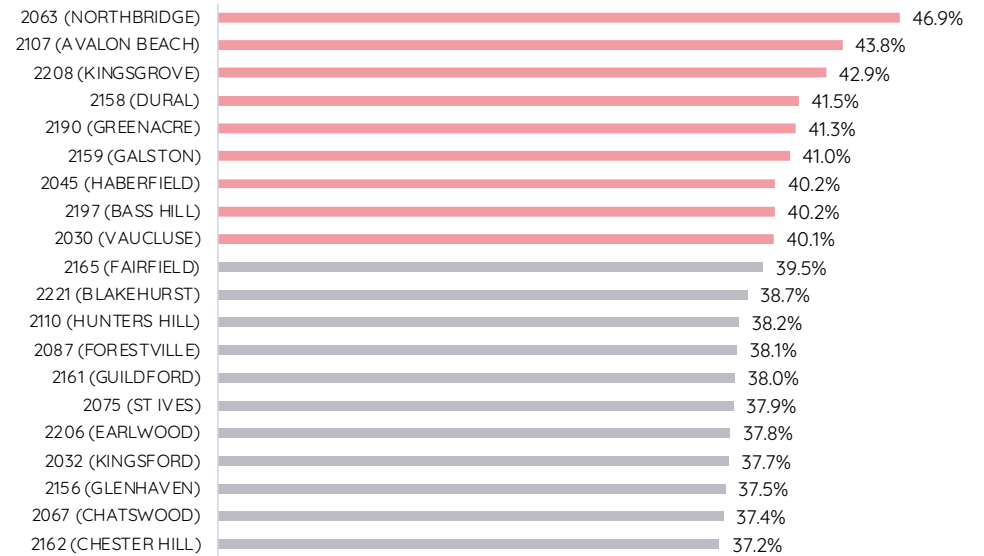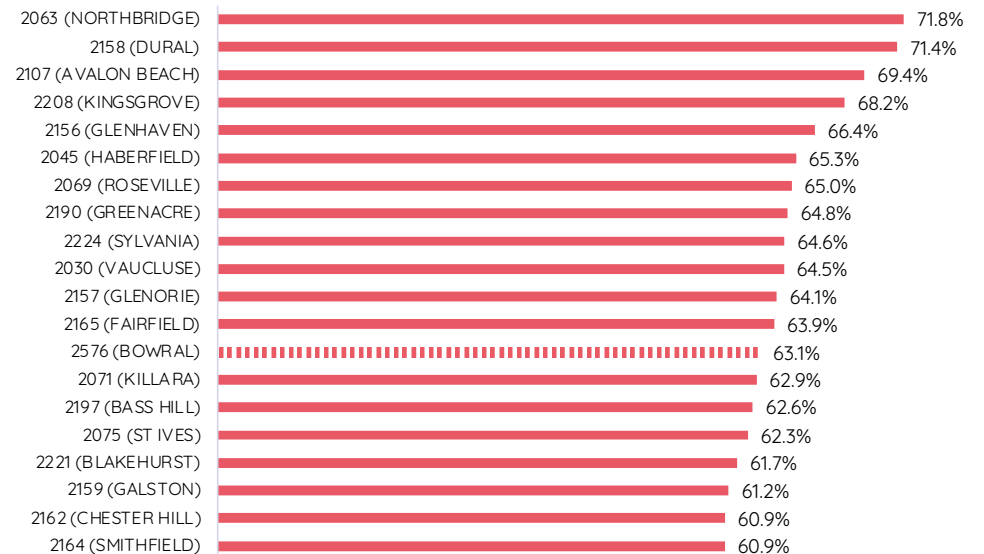
Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

— Greater Sydney   ···· Rest of NSW

Source: PEXA, ABS, RBA

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

NSW: POSTCODES WITH HIGHEST MORTGAGE RISK, DEC-20

Postcode	%
2063 (NORTHBRIDGE)	46.9%
2107 (AVALON BEACH)	43.8%
2208 (KINGSGROVE)	42.9%
2158 (DURAL)	41.5%
2190 (GREENACRE)	41.3%
2159 (GALSTON)	41.0%
2045 (HABERFIELD)	40.2%
2197 (BASS HILL)	40.2%
2030 (VAUCLUSE)	40.1%
2165 (FAIRFIELD)	39.5%
2221 (BLAKEHURST)	38.7%
2110 (HUNTERS HILL)	38.2%
2087 (FORESTVILLE)	38.1%
2161 (GUILDFORD)	38.0%
2075 (ST IVES)	37.9%
2206 (EARLWOOD)	37.8%
2032 (KINGSFORD)	37.7%
2156 (GLENHAVEN)	37.5%
2067 (CHATSWOOD)	37.4%
2162 (CHESTER HILL)	37.2%

NSW: POSTCODES WITH HIGHEST MORTGAGE RISK, MAY-23 (FORECAST)

Postcode	%
2063 (NORTHBRIDGE)	71.8%
2158 (DURAL)	71.4%
2107 (AVALON BEACH)	69.4%
2208 (KINGSGROVE)	68.2%
2156 (GLENHAVEN)	66.4%
2045 (HABERFIELD)	65.3%
2069 (ROSEVILLE)	65.0%
2190 (GREENACRE)	64.8%
2224 (SYLVANIA)	64.6%
2030 (VAUCLUSE)	64.5%
2157 (GLENORIE)	64.1%
2165 (FAIRFIELD)	63.9%
2576 (BOWRAL)	63.1%
2071 (KILLARA)	62.9%
2197 (BASS HILL)	62.6%
2075 (ST IVES)	62.3%
2221 (BLAKEHURST)	61.7%
2159 (GALSTON)	61.2%
2162 (CHESTER HILL)	60.9%
2164 (SMITHFIELD)	60.9%

A profile of postcode 2063 (Northbridge)

2063 (NORTHBRIDGE)

Forecast Mortgage Risk at May-23: 71.8%

Population: 6,493

Number of private dwellings: 2,337

% labour force participation: 59.5%

Monthly median family income: $20,135

Monthly median repayment[1]: $14,461

Median age: 44

Major household composition: Couple family with children (56.9%)

Major occupation: Professionals & Managers (67.2%)

Major dwelling structure: Separate House (74.1%)

Northbridge ranked highest by mortgage risk throughout the analysis period. Shifting from high risk in Dec-20 to very high risk in 2022; with a median loan amount of $2.3M and $2.8M in 2020 and 2022 respectively. An affluent area with a median household income more than double the state's median, with a high concentration of professionals and managers in the finance and legal sectors.

With high property prices in postcode 2063, it is likely some recent borrowers have extended themselves to buy into the area, as evidenced by the median loan amount in 2022 exceeding $2.8M.

1 May-23 forecast

Source: PEXA, ABS, RBA

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

POSTCODE 2063 (NORTHBRIDGE)

Volume of new loans (LHS) — Median loan amount (RHS)
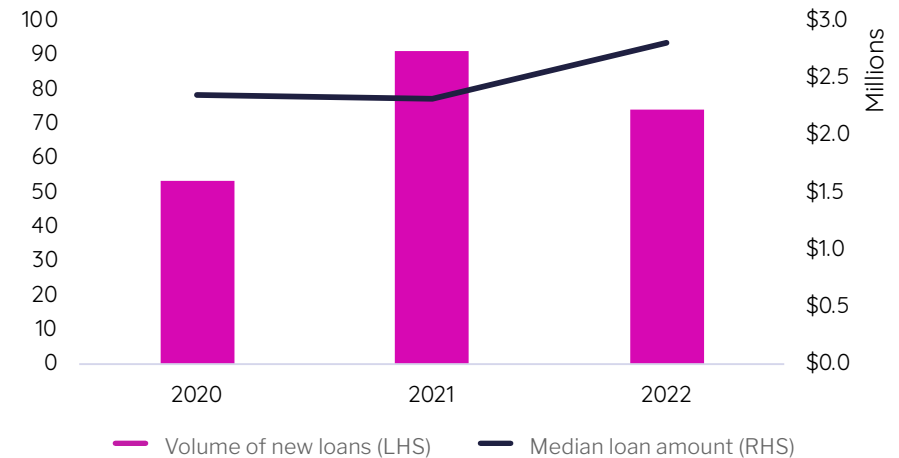
More affluent postcodes exhibited greater mortgage risk in VIC

The blue chip inner-east Melbourne postcodes of **3103 (Balwyn)**, **3104 (Balwyn North)** and **3126 (Canterbury)** are expected to pose a very high mortgage risk, with recent borrowers in these areas requiring greater than 70% of the respective postcode's median family income for their repayments by May-23.

More affordable postcodes in the east and south of Melbourne also made the top-20 such as **3106 (Templestowe)** and **3804 (Narre Warren North)**.

DEVELOPMENT HOTSPOTS

Postcode **3029 (Truganina)** in Melbourne's outer west recorded over 16K new loans over the analysis period. The area was popular with first home buyers looking to build homes on land they had purchased, with 55.9% of these new loans for settled land purchases.

Mortgage Risk for postcode 3029 was forecast to be 21.8% in Mar-23, suggesting the postcode was at moderate risk. However, it should be noted that most buyers will require an additional construction loan to complete their build. This increase in loan amount will shift the postcode into a higher risk profile.

This is true for many high development areas across Australia.

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

—— Greater Melbourne   •••• Rest of VIC

Source: PEXA, ABS, RBA

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

VIC: POSTCODES WITH HIGHEST MORTGAGE RISK, DEC-20

Postcode	Risk
3104 (BALWYN NORTH)	42.0%
3103 (BALWYN)	40.9%
3151 (BURWOOD EAST)	38.9%
3150 (GLEN WAVERLEY)	37.9%
3926 (BALNARRING)	37.2%
3206 (ALBERT PARK)	36.7%
3129 (BOX HILL NORTH)	36.1%
3149 (MOUNT WAVERLEY)	35.7%
3187 (BRIGHTON EAST)	35.4%
3105 (BULLEEN)	35.1%
3107 (TEMPLESTOWE LOWER)	34.9%
3126 (CANTERBURY)	34.8%
3106 (TEMPLESTOWE)	33.5%
3940 (CAPEL SOUND)	33.5%
3074 (THOMASTOWN)	33.3%
3804 (NARRE WARREN NORTH)	33.0%
3133 (VERMONT)	32.9%
3186 (BRIGHTON)	32.4%
3109 (DONCASTER EAST)	32.4%
3167 (OAKLEIGH SOUTH)	32.3%

VIC: POSTCODES WITH HIGHEST MORTGAGE RISK, MAY-23 (FORECAST)

Postcode	Risk
3103 (BALWYN)	74.2%
3104 (BALWYN NORTH)	71.4%
3126 (CANTERBURY)	70.2%
3926 (BALNARRING)	64.6%
3150 (GLEN WAVERLEY)	62.5%
3106 (TEMPLESTOWE)	58.9%
3186 (BRIGHTON)	58.2%
3804 (NARRE WARREN NORTH)	57.6%
3941 (RYE)	56.5%
3940 (CAPEL SOUND)	56.2%
3149 (MOUNT WAVERLEY)	56.1%
3107 (TEMPLESTOWE LOWER)	55.5%
3187 (BRIGHTON EAST)	55.3%
3206 (ALBERT PARK)	55.2%
3109 (DONCASTER EAST)	54.8%
3105 (BULLEEN)	54.2%
3938 (MCCRAE)	54.1%
3230 (ANGLESEA)	53.7%
3129 (BOX HILL NORTH)	53.0%
3133 (VERMONT)	52.7%

A profile of postcode 3103 (Balwyn)

3103 (BALWYN)

Forecast Mortgage Risk at May-23: 74.2%

Population: 15,621

Number of private dwellings: 6,837

% labour force participation: 57.3%

Monthly median family income: $11,042

Monthly median repayment[1]: $8,194

Median age: 43

Major household composition: Couple family with children (49%)

Major occupation: Professionals & Managers (58.1%)

Major dwelling structure: Separate House (59.7%)

The median loan amount in 3103 (Balwyn) was $1.46M in 2022 compared to the state's median of $517K. Nearly half of the families in the postcode were Couple families with children. The area had a high percentage of medical professionals with the postcode's median family income well above the state's median of $ 9,256.

Similar to Northbridge in NSW, it is expected that many recent borrowers have extended themselves to buy into this sought after area, which may now put pressure on their ability to meet their increased loan repayments.
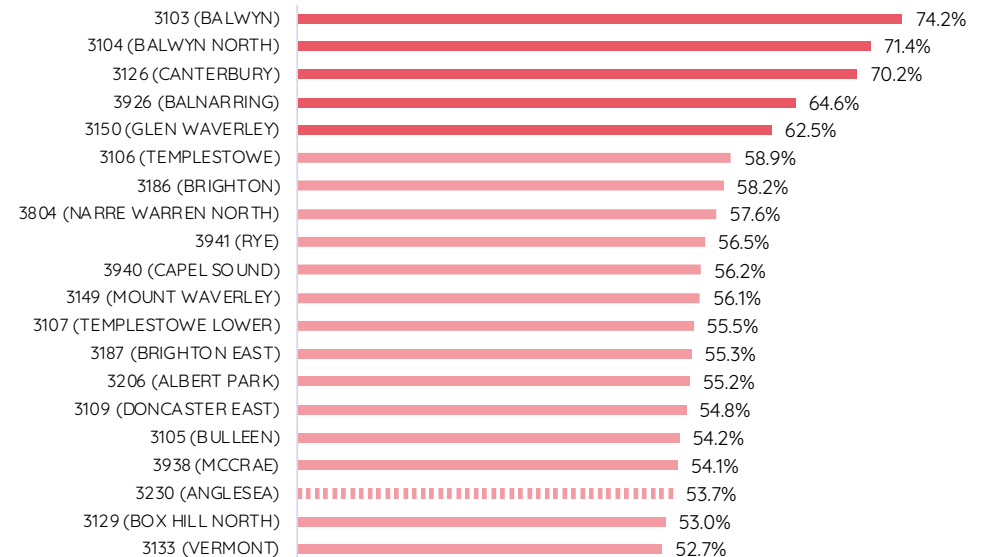
1 May-23 forecast

Source: PEXA, ABS, RBA

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

POSTCODE 3103 (BALWYN)

Volume of new loans (LHS) — Median loan amount (RHS)
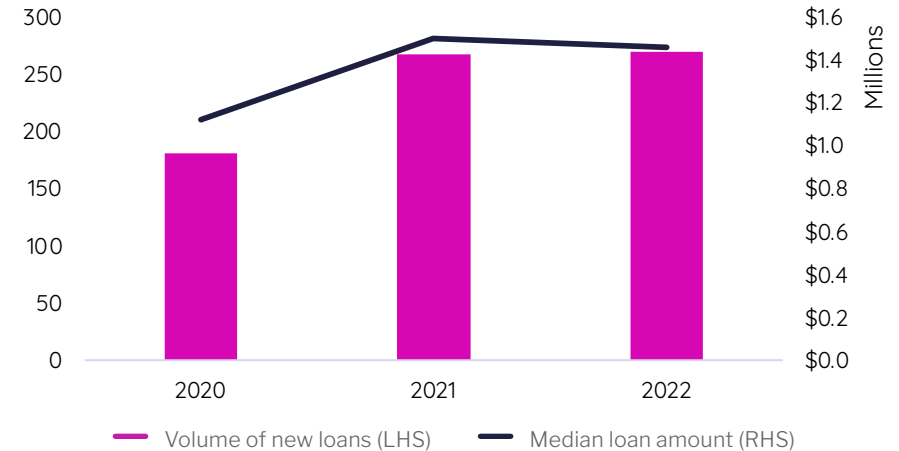
Postcode 4566 (Noosaville) topped the list of riskiest postcodes in QLD

QLD differed to the other eastern states with regional postcodes dominating the top-20 most risky postcodes. Very few postcodes in Greater Brisbane ranked highly, suggesting mortgage risk was more concentrated in regional areas. Postcodes **4507 (Banksia Beach)** and **4109 (Sunnybank Hills)** were a few of the metropolitan postcodes to rank highly, with recent borrowers in the postcode forecast to require close to 50% of the median household income to meet their increased repayments by May-23.

Whilst postcode 4566 (Noosaville) was located in the popular Noosa holiday region, only 21.7% of private dwellings were unoccupied, suggesting most recent buyers were not using their properties solely as holiday homes. This high occupancy rate contrasted to neighbouring postcode 4567 (Noosa Heads) where 32.0% of properties were unoccupied.

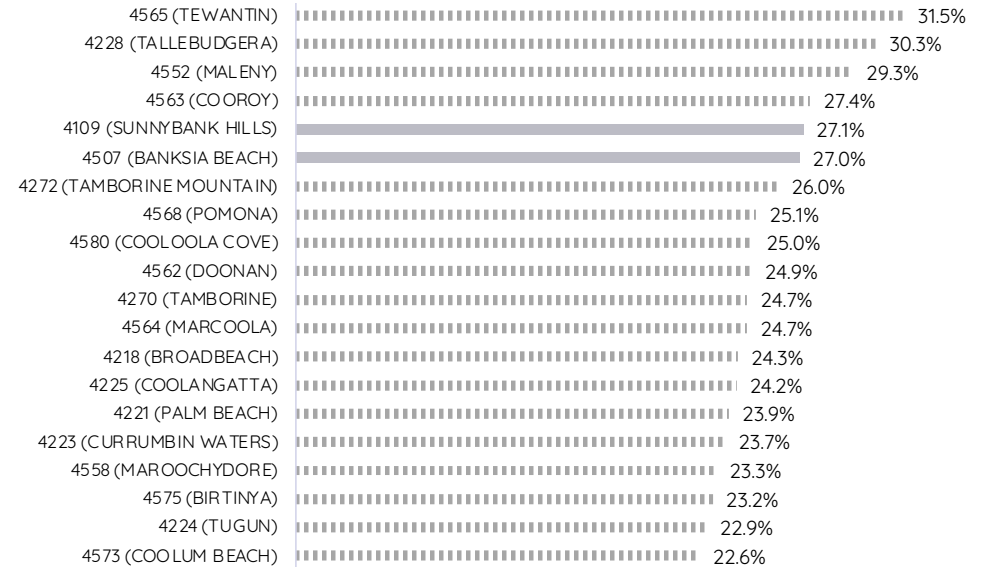## Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

— Greater Brisbane   ···· Rest of QLD

Source: PEXA, ABS, RBA

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

QLD: POSTCODES WITH HIGHEST MORTGAGE RISK, DEC-20

Postcode	%
4565 (TEWANTIN)	31.5%
4228 (TALLEBUDGERA)	30.3%
4552 (MALENY)	29.3%
4563 (COOROY)	27.4%
4109 (SUNNYBANK HILLS)	27.1%
4507 (BANKSIA BEACH)	27.0%
4272 (TAMBORINE MOUNTAIN)	26.0%
4568 (POMONA)	25.1%
4580 (COOLOOLA COVE)	25.0%
4562 (DOONAN)	24.9%
4270 (TAMBORINE)	24.7%
4564 (MARCOOLA)	24.7%
4218 (BROADBEACH)	24.3%
4225 (COOLANGATTA)	24.2%
4221 (PALM BEACH)	23.9%
4223 (CURRUMBIN WATERS)	23.7%
4558 (MAROOCHYDORE)	23.3%
4575 (BIRTINYA)	23.2%
4224 (TUGUN)	22.9%
4573 (COOLUM BEACH)	22.6%

QLD: POSTCODES WITH HIGHEST MORTGAGE RISK, MAY-23 (FORECAST)

Postcode	%
4566 (NOOSAVILLE)	58.3%
4552 (MALENY)	57.1%
4228 (TALLEBUDGERA)	56.9%
4565 (TEWANTIN)	53.8%
4562 (DOONAN)	48.5%
4507 (BANKSIA BEACH)	48.3%
4563 (COOROY)	48.1%
4109 (SUNNYBANK HILLS)	46.9%
4580 (COOLOOLA COVE)	45.3%
4220 (BURLEIGH HEADS)	44.9%
4564 (MARCOOLA)	44.5%
4223 (CURRUMBIN WATERS)	44.4%
4568 (POMONA)	44.0%
4573 (COOLUM BEACH)	42.2%
4520 (SAMFORD VALLEY)	42.1%
4221 (PALM BEACH)	41.9%
4272 (TAMBORINE MOUNTAIN)	41.8%
4224 (TUGUN)	41.3%
4659 (BURRUM HEADS)	40.1%
4511 (NINGI)	39.9%

A profile of postcode 4566 (Noosaville)

4566 (NOOSAVILLE)

Forecast Mortgage Risk at May-23: 58.3%

Population: 8,716

Number of private dwellings: 5,157

% labour force participation: 47.2%

Monthly median family income: $7,790

Monthly median repayment[1]: $4,543

Median age: 56

Major household composition: Couple family without children (60.7%)

Major occupation: Professionals & Managers (38.8%)

Major dwelling structure: Separate House (60.7%)

Noosaville's median loan amount trended upwards to $953k (up 58% compared to 2020). Mortgage risk for the postcode moved from moderate to high over the period. The area is popular with empty nesters and retirees, with a median age of 56 and a below average labour participation rate of 47.2%. The median family income was below the state's median of $8,771. Whilst Noosa is a popular holiday spot, in the 2021 Census over 78.3% of private dwellings in Noosaville were occupied, suggesting most buyers in postcode 4566 do not use the property as a holiday home.
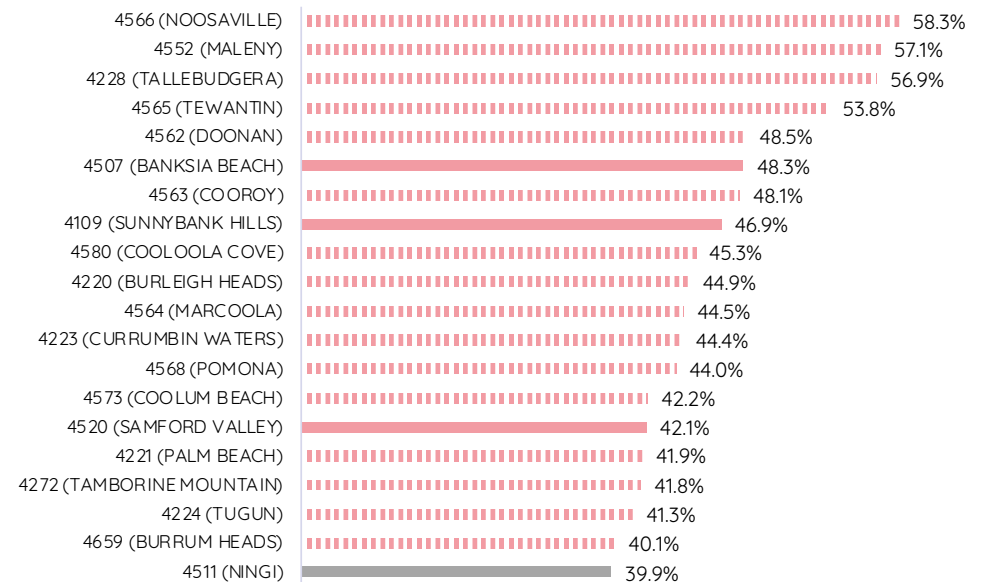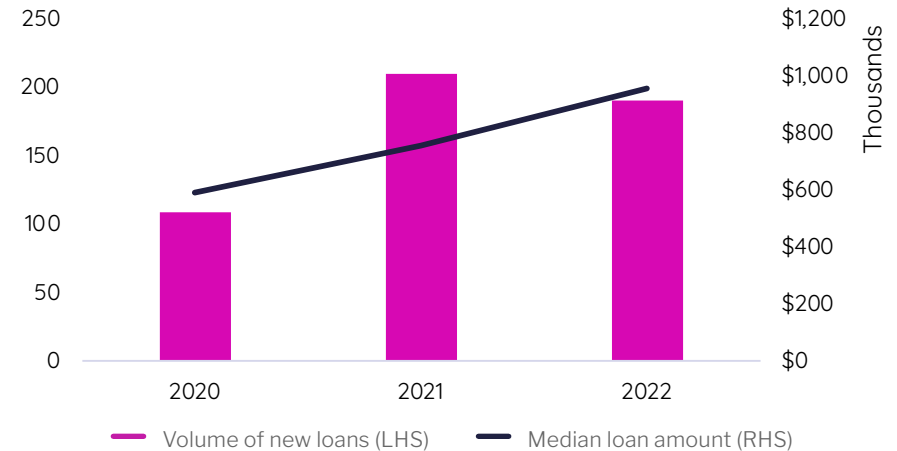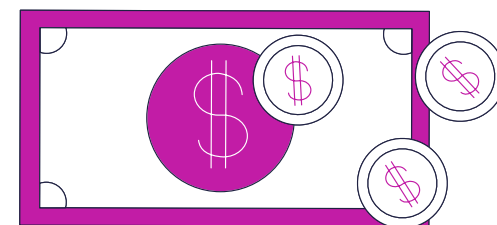
1 May-23 forecast

Source: PEXA, ABS, RBA

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

POSTCODE 4566 (NOOSAVILLE)

Volume of new loans (LHS) — Median loan amount (RHS)

Median repayments in NSW are forecast to increase by nearly $16K per year in May-23

NSW TOP-10 POSTCODES[1]	Median monthly repayment		Increase in monthly repayment	Annualised increase in repayments[2]
	Dec-20	May-23 forecast		
2063 (NORTHBRIDGE)	$9,450	$14,461	$5,011	$60,128
2158 (DURAL)	$5,204	$8,961	$3,757	$45,089
2107 (AVALON BEACH)	$5,641	$8,934	$3,294	$39,525
2208 (KINGSGROVE)	$4,030	$6,402	$2,373	$28,470
2156 (GLENHAVEN)	$4,901	$8,681	$3,781	$45,366
2045 (HABERFIELD)	$6,083	$9,872	$3,789	$45,473
2069 (ROSEVILLE)	$5,956	$10,680	$4,724	$56,686
2190 (GREENACRE)	$2,953	$4,630	$1,677	$20,125
2224 (SYLVANIA)	$3,870	$6,826	$2,956	$35,478
2030 (VAUCLUSE)	$7,916	$12,730	$4,814	$57,765
NSW – MEDIAN	$2,138	$3,470	$1,332	$15,985

Recent borrowers in postcode **3126 (Canterbury)** in VIC are forecast to experience the largest increase in loan repayments as of May-23, with an additional $65,919 per year required due to higher interest rates.

Borrowers in postcode **2063 (Northbridge)** in NSW and **4228 (Tallebudgera)** in QLD will require an additional $60,128 and $32,412 per year respectively to cover higher repayments.

1 Top-10 postcodes with highest Mortgage Risk and state's median loan value as at Dec-22.

2 Annualized increase in repayments assumes constant interest rate for 12-month period.

Source: PEXA, ABS, RBA

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

QLD TOP-10 POSTCODES[1]	Median monthly repayment		Increase in monthly repayment	Annualised increase in repayments[2]
	Dec-20	May-23 forecast		
4566 (NOOSAVILLE)	$2,366	$4,543	$2,176	$26,118
4552 (MALENY)	$1,901	$3,704	$1,803	$21,638
4228 (TALLEBUDGERA)	$3,079	$5,780	$2,701	$32,412
4565 (TEWANTIN)	$2,163	$3,692	$1,529	$18,346
4562 (DOONAN)	$2,224	$4,335	$2,110	$25,325
4507 (BANKSIA BEACH)	$1,435	$2,573	$1,138	$13,655
4563 (COOROY)	$1,982	$3,474	$1,492	$17,909
4109 (SUNNYBANK HILLS)	$2,041	$3,530	$1,490	$17,877
4580 (COOLOOLA COVE)	$1,001	$1,816	$815	$9,779
4220 (BURLEIGH HEADS)	$2,053	$4,223	$2,170	$26,043
QLD – MEDIAN	$1,438	$2,402	$964	$11,567

VIC TOP-10 POSTCODES[1]	Median monthly repayment		Increase in monthly repayment	Annualised increase in repayments[2]
	Dec-20	May-23 forecast		
3103 (BALWYN)	$4,514	$8,194	$3,679	$44,152
3104 (BALWYN NORTH)	$4,958	$8,427	$3,468	$41,618
3126 (CANTERBURY)	$5,415	$10,908	$5,493	$65,919
3926 (BALNARRING)	$3,710	$6,448	$2,738	$32,857
3150 (GLEN WAVERLEY)	$3,526	$5,811	$2,285	$27,419
3106 (TEMPLESTOWE)	$3,506	$6,166	$2,660	$31,923
3186 (BRIGHTON)	$5,301	$9,520	$4,220	$50,639
3804 (NARRE WARREN NORTH)	$3,714	$6,478	$2,764	$33,171
3149 (MOUNT WAVERLEY)	$3,689	$5,787	$2,099	$25,186
3107 (TEMPLESTOWE LOWER)	$3,374	$5,363	$1,988	$23,859
VIC – MEDIAN	$1,650	$2,761	$1,111	$13,327

Greenfield development locations pose a material future Mortgage Risk

Development areas popular with first home buyers, and with high proportions of vacant land settlements, appear to be low risk when only the land component of the purchase is considered.

However, the addition of the construction loan when owners commence their build is likely to push these postcodes into higher risk. In many of these postcodes, the loan amount of established dwellings was at least double that of vacant land.

NSW	Vacant Land Settlement (%)[1]	Mortgage Risk[2]
2563 (MENANGLE PARK)	65%	24.6%
2738 (GOL GOL)	50%	11.1%
2179 (AUSTRAL)	50%	22.0%
2765 (BOX HILL)	48%	25.8%
2731 (MOAMA)	45%	20.7%
2573 (TAHMOOR)	42%	30.3%
2642 (JINDERA)	42%	16.1%
2321 (GILLIESTON HEIGHTS)	39%	18.9%
2581 (GUNNING)	38%	22.9%
2557 (GREGORY HILLS)	38%	25.3%

Half of the settlements in **2179 (AUSTRAL)** were vacant land purchases. It is an area in Sydney's west that is highly sought-after due to the construction of future Western Sydney Airport and surrounding Aerotropolis.

VIC	Vacant Land Settlement (%)[1]	Mortgage Risk[2]
3335 (ROCKBANK)	91%	16.5%
3358 (WINTER VALLEY)	85%	11.4%
3753 (BEVERIDGE)	81%	14.3%
3217 (ARMSTRONG CREEK)	76%	14.4%
3427 (DIGGERS REST)	70%	15.8%
3978 (CLYDE NORTH)	66%	19.4%
3336 (FRASER RISE)	64%	18.1%
3338 (MELTON SOUTH)	62%	19.2%
3024 (WYNDHAM VALE)	61%	18.4%
3438 (NEW GISBORNE)	61%	19.0%

All top-10 VIC postcodes currently appear to be at low mortgage risk but with rapid development and at least 61% of recent settlements vacant land, this is likely to change. **3335 (ROCKBANK)** in the outer west of Melbourne had the highest percentage of vacant land transactions at 91% of total sale settlements during the analysis period.

QLD	Vacant Land Settlement (%)[1]	Mortgage Risk[2]
4553 (PALMVIEW)	70%	16.8%
4110 (PALLARA)	67%	20.0%
4125 (PARK RIDGE)	63%	16.9%
4133 (LOGAN RESERVE)	56%	18.7%
4124 (GREENBANK)	55%	15.3%
4280 (JIMBOOMBA)	54%	15.3%
4514 (WOODFORD)	53%	23.4%
4306 (RIPLEY)	50%	15.4%
4518 (GLASS HOUSE MOUNTAINS)	42%	25.2%
4865 (GORDONVALE)	40%	19.5%

Postcode **4553 (PALMVIEW)** had the highest percentage of vacant land settlements in QLD at 70%.

1 Top-10 postcodes with highest Mortgage Risk and state's median loan value as at Dec-22.

2 May-23 forecast

Source: PEXA, ABS, RBA

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

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

Appendix

Low income postcodes at high mortgage risk
(0-40th percentile by median family income)

NSW

Postcode	Mortgage Risk[1]	Postcode	Mortgage Risk[1]
2190 (GREENACRE)	64.8%	2443 (LAURIETON)	48.4%
2165 (FAIRFIELD)	63.9%	2484 (MURWILLUMBAH)	48.2%
2197 (BASS HILL)	62.6%	2263 (GOROKAN)	47.8%
2162 (CHESTER HILL)	60.9%	2454 (BELLINGEN)	47.8%
2164 (SMITHFIELD)	60.9%	2505 (PORT KEMBLA)	46.7%
2161 (GUILDFORD)	60.8%	2770 (MOUNT DRUITT)	46.6%
2199 (YAGOONA)	60.4%	2564 (MACQUARIE FIELDS)	46.2%
2176 (BOSSLEY PARK)	59.6%	2262 (BLUE HAVEN)	45.4%
2483 (OCEAN SHORES)	58.7%	2192 (BELMORE)	45.3%
2166 (CABRAMATTA)	57.6%	2485 (TWEED HEADS)	45.3%
2196 (PUNCHBOWL)	56.8%	2441 (STUARTS POINT)	44.8%
2143 (REGENTS PARK)	56.5%	2200 (BANKSTOWN)	44.6%
2168 (GREEN VALLEY)	54.4%	2160 (MERRYLANDS)	44.2%
2177 (BONNYRIGG)	54.1%	2486 (BANORA POINT)	44.0%
2489 (POTTSVILLE)	53.9%	2194 (CAMPSIE)	43.5%
2316 (ANNA BAY)	52.9%	2319 (TANILBA BAY)	43.3%
2163 (VILLAWOOD)	51.6%	2452 (TOORMINA)	42.7%
2144 (AUBURN)	51.3%	2439 (KEW)	42.7%
2578 (BUNDANOON)	51.2%	2431 (SOUTH WEST ROCKS)	42.6%
2464 (YAMBA)	50.4%	2264 (MORISSET)	41.9%
2256 (WOY WOY)	50.2%	2456 (WOOLGOOLGA)	41.5%
2528 (WARILLA)	50.2%	2170 (LIVERPOOL)	40.5%
2502 (LAKE HEIGHTS)	49.4%	2142 (GRANVILLE)	40.1%
2506 (BERKELEY)	48.4%		

VIC

Postcode	Mortgage Risk[1]
3171 (SPRINGVALE)	52.0%
3074 (THOMASTOWN)	50.9%
3021 (ST ALBANS)	49.1%
3939 (ROSEBUD)	48.4%
3075 (LALOR)	47.8%
3020 (SUNSHINE WEST)	46.7%
3047 (BROADMEADOWS)	45.7%
3019 (BRAYBROOK)	45.3%
3460 (DAYLESFORD)	45.0%
3060 (FAWKNER)	44.6%
3177 (DOVETON)	44.0%
3200 (FRANKSTON NORTH)	43.8%
3048 (MEADOW HEIGHTS)	43.3%
3174 (NOBLE PARK)	43.3%
3175 (DANDENONG)	43.2%
3803 (HALLAM)	42.5%
3915 (HASTINGS)	41.0%
3976 (HAMPTON PARK)	40.8%

QLD

Postcode	Mortgage Risk[1]
4552 (MALENY)	57.1%
4565 (TEWANTIN)	53.8%
4507 (BANKSIA BEACH)	48.3%
4563 (COOROY)	48.1%
4580 (COOLOOLA COVE)	45.3%
4568 (POMONA)	44.0%
4659 (BURRUM HEADS)	40.1%

1 May-23 forecast

Source: PEXA, ABS, RBA

Note: only postcodes that recorded >150 new loans during the analysis period

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

Middle income postcodes at high mortgage risk
(40-60th percentile by median family income)

NSW

Postcode	Mortgage Risk[1]
2208 (KINGSGROVE)	68.2%
2209 (BEVERLY HILLS)	58.2%
2198 (GEORGES HALL)	56.8%
2257 (UMINA BEACH)	51.7%
2134 (BURWOOD)	51.1%
2535 (BERRY)	51.0%
2210 (PEAKHURST)	50.7%
2191 (BELFIELD)	50.0%
2487 (KINGSCLIFF)	49.4%
2488 (BOGANGAR)	46.5%
2141 (LIDCOMBE)	46.4%
2220 (HURSTVILLE)	44.9%
2261 (BERKELEY VALE)	43.4%
2574 (BARGO)	43.2%
2281 (SWANSEA)	42.9%
2566 (MINTO)	42.3%
2782 (WENTWORTH FALLS)	42.3%
2577 (MOSS VALE)	42.2%
2295 (FERN BAY)	42.1%
2478 (BALLINA)	41.6%
2767 (DOONSIDE)	41.3%
2518 (CORRIMAL)	41.3%
2783 (LAWSON)	40.8%
2148 (BLACKTOWN)	40.5%

VIC

Postcode	Mortgage Risk[1]
3151 (BURWOOD EAST)	50.9%
3108 (DONCASTER)	47.0%
3034 (AVONDALE HEIGHTS)	46.8%
3172 (DINGLEY VILLAGE)	46.7%
3931 (MORNINGTON)	45.1%
3169 (CLAYTON SOUTH)	43.7%
3173 (KEYSBOROUGH)	42.2%
3802 (ENDEAVOUR HILLS)	41.7%
3083 (BUNDOORA)	40.6%

QLD

Postcode	Mortgage Risk[1]
4566 (NOOSAVILLE)	58.3%
4109 (SUNNYBANK HILLS)	46.9%
4564 (MARCOOLA)	44.5%
4272 (TAMBORINE MOUNTAIN)	41.8%

[1] May-23 forecast

Source: PEXA, ABS, RBA

Note: only postcodes that recorded >150 new loans during the analysis period

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

High income postcodes at high mortgage risk (60-80th percentile by median family income)

NSW

Postcode	Mortgage Risk[1]	Postcode	Mortgage Risk[1]
2224 (SYLVANIA)	64.6%	2533 (KIAMA)	49.0%
2157 (GLENORIE)	64.1%	2251 (KINCUMBER)	48.3%
2576 (BOWRAL)	63.1%	2214 (MILPERRA)	47.4%
2221 (BLAKEHURST)	61.7%	2219 (SANS SOUCI)	46.3%
2206 (EARLWOOD)	60.8%	2118 (CARLINGFORD)	44.1%
2117 (DUNDAS VALLEY)	59.8%	2758 (KURRAJONG)	43.9%
2067 (CHATSWOOD)	57.1%	2036 (MATRAVILLE)	43.0%
2115 (ERMINGTON)	55.8%	2147 (SEVEN HILLS)	42.7%
2032 (KINGSFORD)	54.6%	2519 (FAIRY MEADOW)	42.7%
2212 (REVESBY)	54.4%	2759 (ST CLAIR)	41.8%
2122 (EASTWOOD)	53.5%	2099 (DEE WHY)	41.6%
2000 (SYDNEY)	53.4%	2007 (ULTIMO)	41.5%
2116 (RYDALMERE)	52.9%	2753 (RICHMOND)	40.9%
2211 (PADSTOW)	51.7%	2233 (ENGADINE)	40.6%
2207 (BEXLEY)	51.3%	2138 (RHODES)	40.5%
2133 (CROYDON PARK)	50.7%	2171 (MIDDLETON GRANGE)	40.4%
2213 (PANANIA)	50.5%	2303 (HAMILTON)	40.2%
2132 (CROYDON)	50.3%	2020 (MASCOT)	40.1%
2260 (TERRIGAL)	49.1%	2756 (SOUTH WINDSOR)	40.0%

VIC

Postcode	Mortgage Risk[1]
3926 (BALNARRING)	64.6%
3150 (GLEN WAVERLEY)	62.5%
3149 (MOUNT WAVERLEY)	56.1%
3107 (TEMPLESTOWE LOWER)	55.5%
3109 (DONCASTER EAST)	54.8%
3105 (BULLEEN)	54.2%
3129 (BOX HILL NORTH)	53.0%
3133 (VERMONT)	52.7%
3167 (OAKLEIGH SOUTH)	48.2%
3152 (WANTIRNA SOUTH)	48.0%
3125 (BURWOOD)	47.7%
3170 (MULGRAVE)	46.0%
3131 (NUNAWADING)	45.1%
3179 (SCORESBY)	43.8%
3180 (KNOXFIELD)	42.7%
3025 (ALTONA NORTH)	42.5%
3033 (KEILOR EAST)	42.2%
3148 (CHADSTONE)	41.3%

QLD

Postcode	Mortgage Risk[1]
4562 (DOONAN)	48.5%
4220 (BURLEIGH HEADS)	44.9%
4223 (CURRUMBIN WATERS)	44.4%
4573 (COOLUM BEACH)	42.2%
4221 (PALM BEACH)	41.9%
4224 (TUGUN)	41.3%

[1] May-23 forecast

Source: PEXA, ABS, RBA

Note: only postcodes that recorded >150 new loans during the analysis period

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

Very high income postcodes at high mortgage risk (80-100th percentile by median family income)

NSW

Postcode	Mortgage Risk[1]	Postcode	Mortgage Risk[1]
2063 (NORTHBRIDGE)	71.8%	2102 (WARRIEWOOD)	47.7%
2158 (DURAL)	71.4%	2082 (BEROWRA HEIGHTS)	46.8%
2107 (AVALON BEACH)	69.4%	2229 (CARINGBAH)	46.6%
2156 (GLENHAVEN)	66.4%	2046 (FIVE DOCK)	46.4%
2045 (HABERFIELD)	65.3%	2038 (ANNANDALE)	46.4%
2069 (ROSEVILLE)	65.0%	2093 (BALGOWLAH)	45.7%
2030 (VAUCLUSE)	64.5%	2120 (THORNLEIGH)	45.4%
2071 (KILLARA)	62.9%	2227 (GYMEA)	45.3%
2075 (ST IVES)	62.3%	2040 (LEICHHARDT)	44.6%
2159 (GALSTON)	61.2%	2025 (WOOLLAHRA)	44.6%
2125 (WEST PENNANT HILLS)	60.6%	2153 (BAULKHAM HILLS)	44.5%
2087 (FORESTVILLE)	60.2%	2022 (BONDI JUNCTION)	44.3%
2074 (TURRAMURRA)	59.2%	2291 (MEREWETHER)	44.3%
2085 (BELROSE)	59.1%	2516 (BULLI)	43.9%
2110 (HUNTERS HILL)	58.9%	2048 (STANMORE)	43.8%
2119 (BEECROFT)	58.2%	2026 (BONDI BEACH)	43.6%
2092 (SEAFORTH)	57.8%	2768 (GLENWOOD)	43.5%
2086 (FRENCHS FOREST)	56.7%	2041 (BALMAIN)	42.9%
2126 (CHERRYBROOK)	56.4%	2225 (OYSTER BAY)	42.6%
2076 (WAHROONGA)	56.4%	2081 (BEROWRA)	41.7%
2068 (WILLOUGHBY)	55.7%	2088 (MOSMAN)	41.6%
2070 (LINDFIELD)	55.5%	2047 (DRUMMOYNE)	41.5%
2154 (CASTLE HILL)	54.2%	2204 (MARRICKVILLE)	41.5%
2035 (MAROUBRA)	53.9%	2034 (COOGEE)	41.4%
2100 (BROOKVALE)	53.6%	2044 (ST PETERS)	41.4%
2073 (PYMBLE)	52.9%	2021 (PADDINGTON)	41.4%
2106 (NEWPORT)	52.7%	2234 (MENAI)	41.2%
2103 (MONA VALE)	52.0%	2027 (DARLING POINT)	41.1%
2137 (CONCORD)	51.8%	2061 (MILSONS POINT)	41.1%
2101 (NARRABEEN)	51.4%	2037 (GLEBE)	41.0%
2515 (THIRROUL)	51.0%	2226 (JANNALI)	40.5%
2097 (COLLAROY)	50.5%	2095 (MANLY)	40.2%
2028 (DOUBLE BAY)	49.0%	2009 (PYRMONT)	40.1%
2024 (BRONTE)	48.5%	2042 (NEWTOWN)	40.0%
2029 (ROSE BAY)	48.3%		

VIC

Postcode	Mortgage Risk[1]
3103 (BALWYN)	74.2%
3104 (BALWYN NORTH)	71.4%
3126 (CANTERBURY)	70.2%
3106 (TEMPLESTOWE)	58.9%
3186 (BRIGHTON)	58.2%
3804 (NARRE WARREN NORTH)	57.6%
3187 (BRIGHTON EAST)	55.3%
3206 (ALBERT PARK)	55.2%
3193 (BEAUMARIS)	52.1%
3102 (KEW EAST)	50.9%
3101 (KEW)	49.5%
3124 (CAMBERWELL)	49.2%
3934 (MOUNT MARTHA)	49.1%
3111 (DONVALE)	49.0%
3147 (ASHBURTON)	48.4%
3930 (MOUNT ELIZA)	48.3%
3227 (BARWON HEADS)	48.3%
3165 (BENTLEIGH EAST)	47.6%
3054 (CARLTON NORTH)	46.5%
3162 (CAULFIELD SOUTH)	45.5%
3189 (MOORABBIN)	45.1%
3127 (SURREY HILLS)	44.5%
3130 (BLACKBURN)	44.1%
3113 (WARRANDYTE)	43.8%
3036 (KEILOR)	42.7%
3188 (HAMPTON)	41.3%
3142 (TOORAK)	40.9%
3132 (MITCHAM)	40.3%
3099 (HURSTBRIDGE)	40.0%

QLD

Postcode	Mortgage Risk[1]
4228 (TALLEBUDGERA)	56.9%
4520 (SAMFORD VALLEY)	42.1%

1 May-23 forecast

Source: PEXA, ABS, RBA

Note: only postcodes that recorded >150 new loans during the analysis period

Mortgage Risk Bands (at a postcode level)

Low	Moderate
0-20%	>20-40%
High	**Very high**
>40-60%	>60%

Holiday areas and postcodes with high unoccupancy were excluded from analysis

NSW

Postcode	Unoccupancy (%)[1]	Mortgage Risk[2]
2536 (MALUA BAY)	35.5%	44.1%
2315 (NELSON BAY)	35.4%	47.6%
2627 (JINDABYNE)	34.9%	34.5%
2539 (ULLADULLA)	34.7%	54.4%
2540 (SANCTUARY POINT)	31.0%	48.1%
2537 (MORUYA)	29.8%	47.1%
2622 (BRAIDWOOD)	28.8%	31.5%
2785 (BLACKHEATH)	28.2%	42.0%
2546 (NAROOMA)	28.0%	51.1%
2647 (MULWALA)	27.4%	23.2%
2428 (FORSTER)	24.9%	47.1%
2423 (BULAHDELAH)	24.8%	46.2%
2583 (CROOKWELL)	24.6%	25.5%
2534 (GERRINGONG)	23.8%	54.1%
2835 (COBAR)	22.7%	10.1%
2317 (SALAMANDER BAY)	22.5%	52.1%
2548 (MERIMBULA)	22.4%	35.8%
2579 (MARULAN)	22.1%	35.7%
2780 (KATOOMBA)	21.5%	43.7%
2427 (HARRINGTON)	21.5%	59.4%
2880 (BROKEN HILL)	20.7%	12.7%
2481 (BYRON BAY)	20.0%	70.7%
2479 (BANGALOW)	13.6%	77.2%
2482 (MULLUMBIMBY)	11.4%	64.5%

VIC

Postcode	Unoccupancy (%)[1]	Mortgage Risk[2]
3232 (LORNE)	77.9%	69.5%
3943 (SORRENTO)	77.3%	86.9%
3942 (BLAIRGOWRIE)	72.3%	73.4%
3230 (ANGLESEA)	65.0%	53.7%
3922 (COWES)	64.0%	45.7%
3233 (APOLLO BAY)	63.6%	49.1%
3723 (GOUGHS BAY)	63.4%	35.2%
3956 (VENUS BAY)	59.1%	31.1%
3941 (RYE)	58.7%	56.5%
3851 (LOCH SPORT)	54.4%	21.1%
3225 (POINT LONSDALE)	52.8%	41.1%
3925 (SAN REMO)	52.5%	29.0%
3223 (ST LEONARDS)	48.8%	32.9%
3996 (INVERLOCH)	47.2%	42.7%
3936 (SAFETY BEACH)	43.4%	51.2%
3938 (MCCRAE)	42.4%	54.1%
3284 (PORT FAIRY)	37.8%	40.8%
3940 (CAPEL SOUND)	37.7%	56.2%

QLD

Postcode	Unoccupancy (%)[1]	Mortgage Risk[2]
4581 (RAINBOW BEACH)	40.8%	40.3%
4717 (BLACKWATER)	33.4%	6.8%
4677 (AGNES WATER)	33.0%	33.8%
4567 (NOOSA HEADS)	32.0%	66.9%
4744 (MORANBAH)	29.2%	11.6%
4184 (RUSSELL ISLAND)	26.0%	29.6%
4572 (ALEXANDRA HEADLAND)	23.2%	31.9%
4660 (WOODGATE)	23.2%	29.5%
4217 (SURFERS PARADISE)	23.0%	34.0%
4225 (COOLANGATTA)	22.0%	46.3%
4877 (PORT DOUGLAS)	20.9%	25.5%
4710 (ZILZIE)	20.3%	29.0%

Popular holiday destinations were removed from our analysis due to high proportion of non-residents purchasing properties in those postcodes. We removed the top-5% of postcodes in each state with the highest percentage of unoccupied private dwellings.

1 Unoccupied dwellings by postcode from ABS census (2016)

2 May-23 forecast

Source: PEXA, ABS, RBA

Note: only postcodes that recorded >150 new loans during the analysis period

Mortgage Risk Bands (at a postcode level)

Low	Moderate	High	Very high
0-20%	>20-40%	>40-60%	>60%

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