

Mortgage Insights Report



September Quarter 2023

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New lending dipped during winter, whilst refinances continued to surge



Mike Gill, Head of Research, PEXA

Property refinances outpaced new loans in the Sep-23 Qtr, as sales activity experienced a seasonal lull during the winter months. 125,435 refinances were recorded nationally during the quarter, ahead of the 118,046 new loans issued. New loan volumes were down 4.3% on prior quarter and down 7.6% on the prior year. New lending is expected to increase in the Dec-23 Qtr with increased sales activity during the spring selling season. This typically results in December having the most sale settlements of any month of the year, as buyers look to settle their property prior to the Christmas holidays. Existing borrowers continued to refinance in record numbers as they adjusted to higher interest rates and the prospect of further rate increases.

NEW LOAN HIGHLIGHTS

- > VIC recorded 30,642 residential new loans in the Sep-23 Qtr, the most of any state. NSW and QLD were just behind with 30,211 and 31,132, respectively.
- > Median new loan values increased in all eastern states. This was driven by capital cities, led by Greater Sydney which was up 4.6% in the Sep-23 Qtr to \$735,681.
- > A total of \$66.7B of new residential lending was issued nationally in the Sep-23 Qtr. NSW recorded the highest aggregate value of new loans with \$24.8B, followed by VIC with \$18.3B.

PROPERTY REFINANCE HIGHLIGHTS

- > Nationally, refinances climbed to a new record high, with double digit year-on-year growth. WA grew fastest, up 25.3% to 13,256 in the Sep-23 Qtr.
- > Once again VIC recorded the most refinances with 40,921 during the recent quarter. NSW was close behind with refinances jumping 6.3% on the prior quarter to 37,991.
- > A total of \$60.6B of property was refinanced nationally in the Sep-23 Qtr. NSW recorded the highest value of any state with \$22.0B, followed by VIC with \$19.9B.

This report aims to provide a comprehensive view of mortgage trends for the mainland states of NSW, VIC, QLD, WA & SA including new loans arising for the purchase of a property and property refinances. Loan figures quoted include all residential and commercial properties unless otherwise stated. Any non-monetary settlements such as family transfers or gifts have been excluded.

Our analysis only includes new loans and refinances lodged digitally via PEXA. As at FY23, over 98% of property sales in NSW, VIC & SA, 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 FY23 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).

New loan volumes shrunk in the Sep-23 Qtr across all mainland states, reflecting lower sale settlements during the period

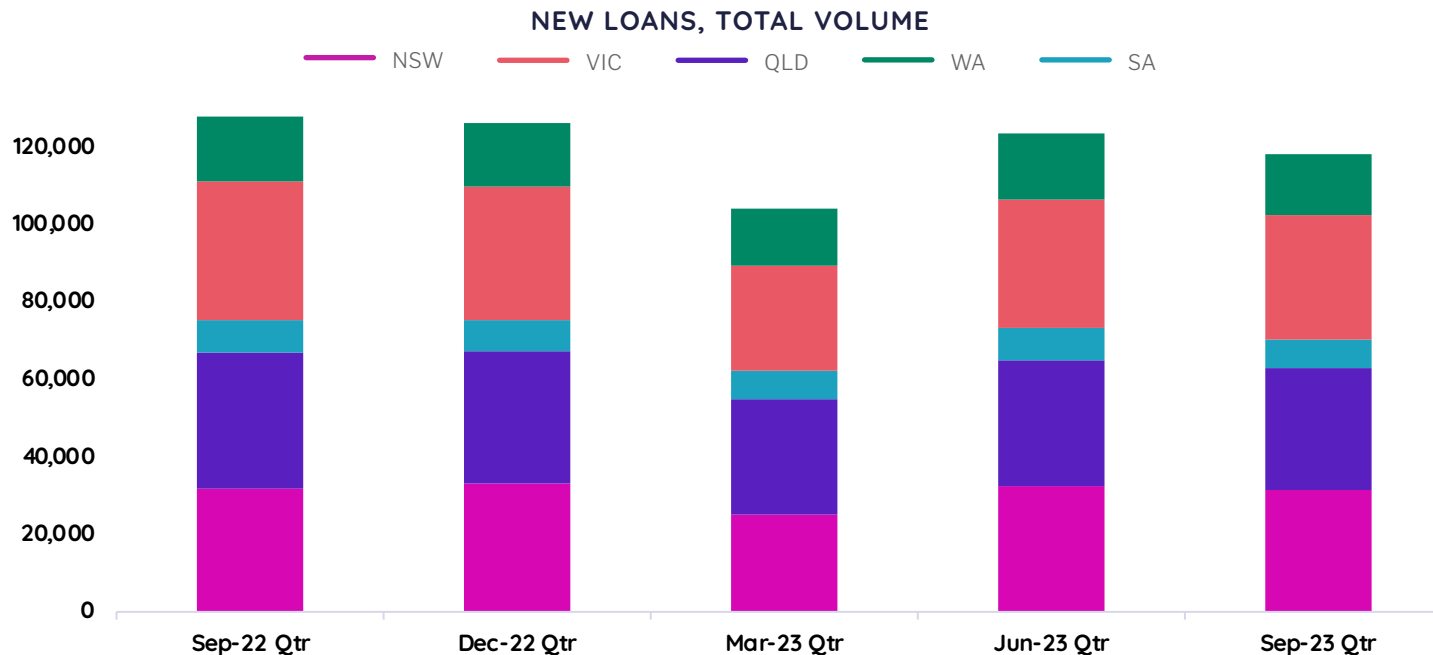
A total of 118,046 new loans were taken out during the Sep-23 Qtr which was down 4.3% on the prior quarter. However, new loan volumes were well above the lows recorded during the Mar-23 Qtr and are expected to trend upwards in the next quarter as sales activity ramps up during the spring selling season.

NEW LOANS, TOTAL VOLUME
NATIONAL, SEP-23 QTR
(INCLUDES RESIDENTIAL & COMMERCIAL)

118,046

-4.3% on Jun-23 Qtr
(prior quarter)

-7.6% on Sep-22 Qtr
(prior year)



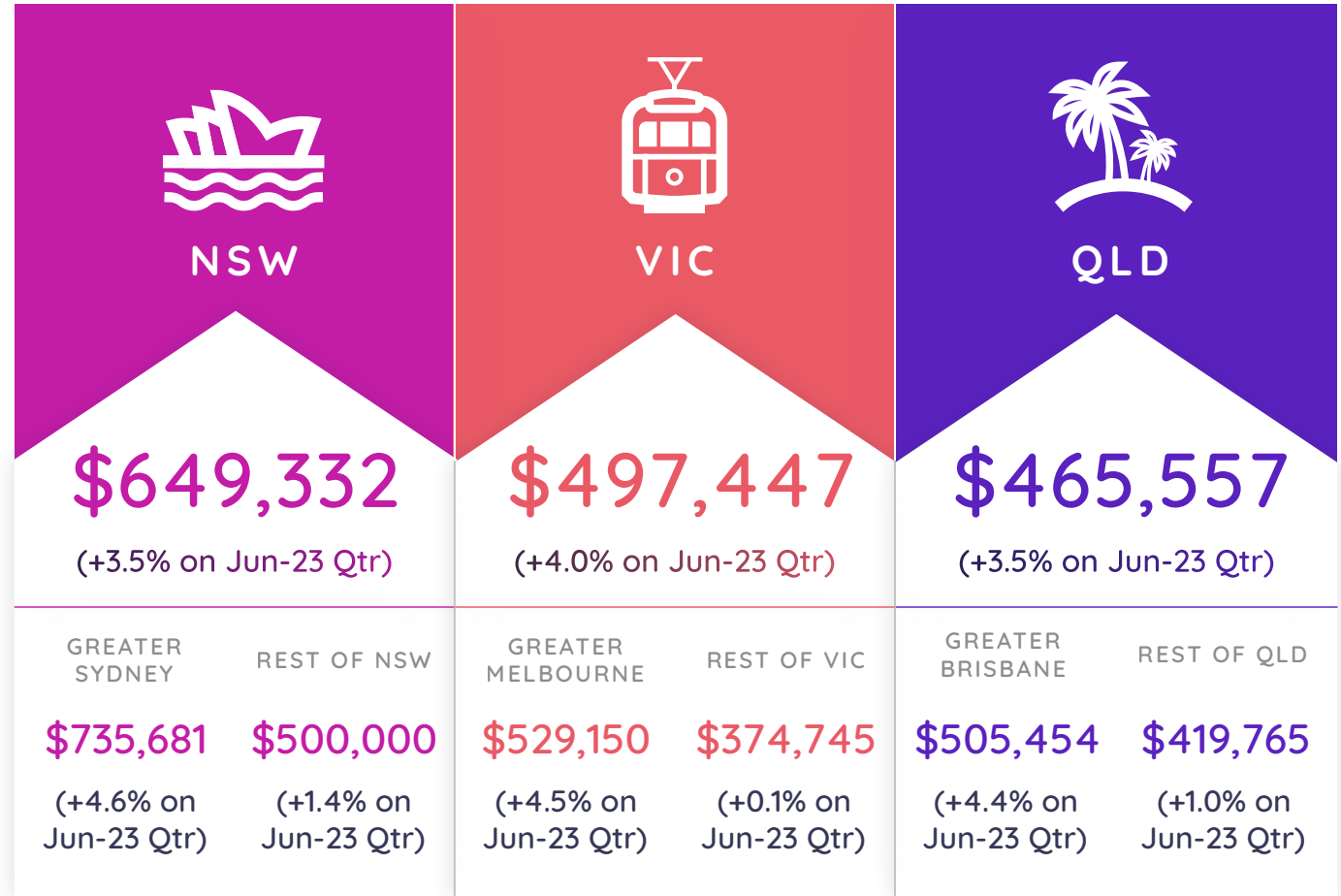
Median loan values increased in Australia's three largest states

This was driven by capital cities, led by Greater Sydney which was up 4.6% in the Sep-23 Qtr to \$735,681

MEDIAN LOAN VALUE FOR RESIDENTIAL NEW LOANS, SEP-23 QTR

The *Median loan value* is taken from the loan proceeds used in the property settlement on the buyer side. The median loan value 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 calculation uses the \$400K loan proceeds used in the initial settlement and not the \$450K total loan amount.

Regional areas did not experience the loan value growth of the capital cities, remaining relatively flat during the quarter. Metropolitan areas led the property market out of the recent downturn, and increasing property prices had resulted in higher loan values in the Sep-23 Qtr.



Source: PEXA

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

Refinances climbed to a new record high in the Sep-23 Qtr, up 13.1% year-on-year

Over 125K refinances were completed in the Sep-23 Qtr, with all mainland states recording double digit year-on-year growth.

High interest rates continued to motivate many borrowers to switch lenders and secure a better deal on their home loan.

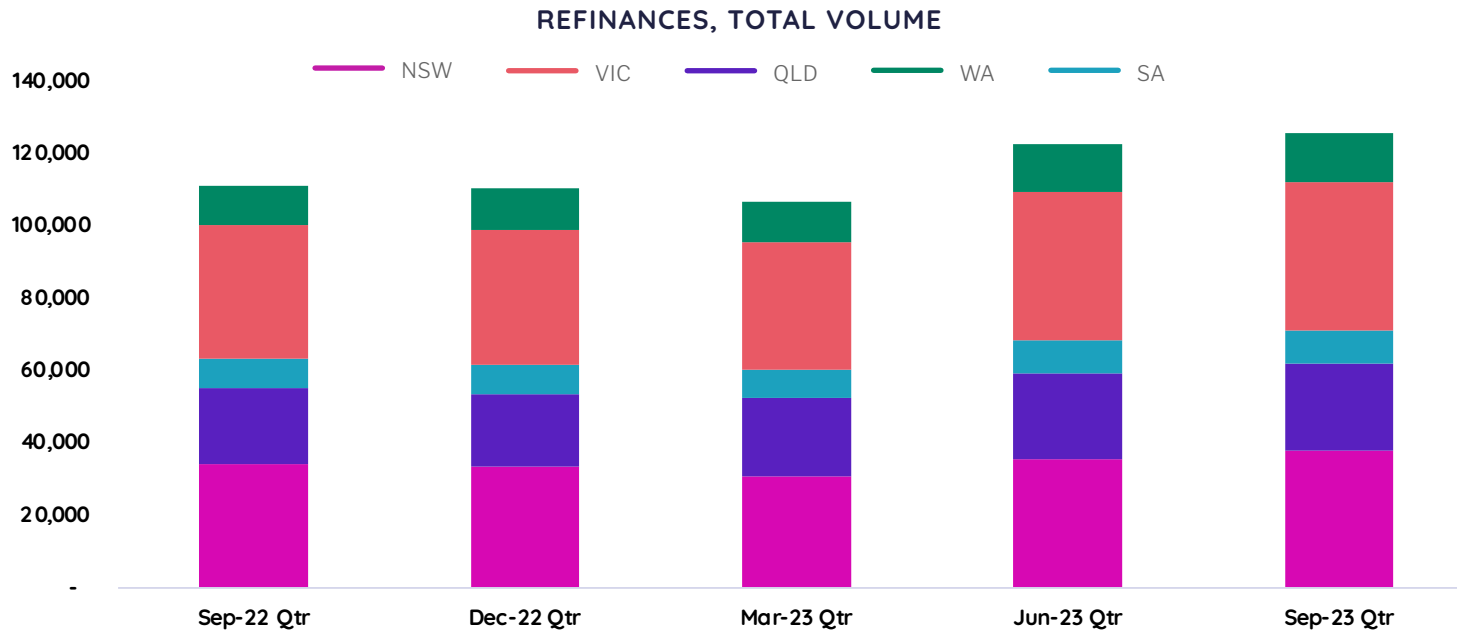
A total of \$60.6B of property was refinanced nationally in the Sep-23 Qtr. NSW recorded the highest value of any state with \$22.0B, followed by VIC with \$19.9B.

REFINANCES, TOTAL VOLUME
NATIONAL, SEP-23 QTR
(INCLUDES RESIDENTIAL & COMMERCIAL)

125,435

+2.5% on Jun-23 Qtr
(prior quarter)

+13.1% on Sep-22 Qtr
(prior year)



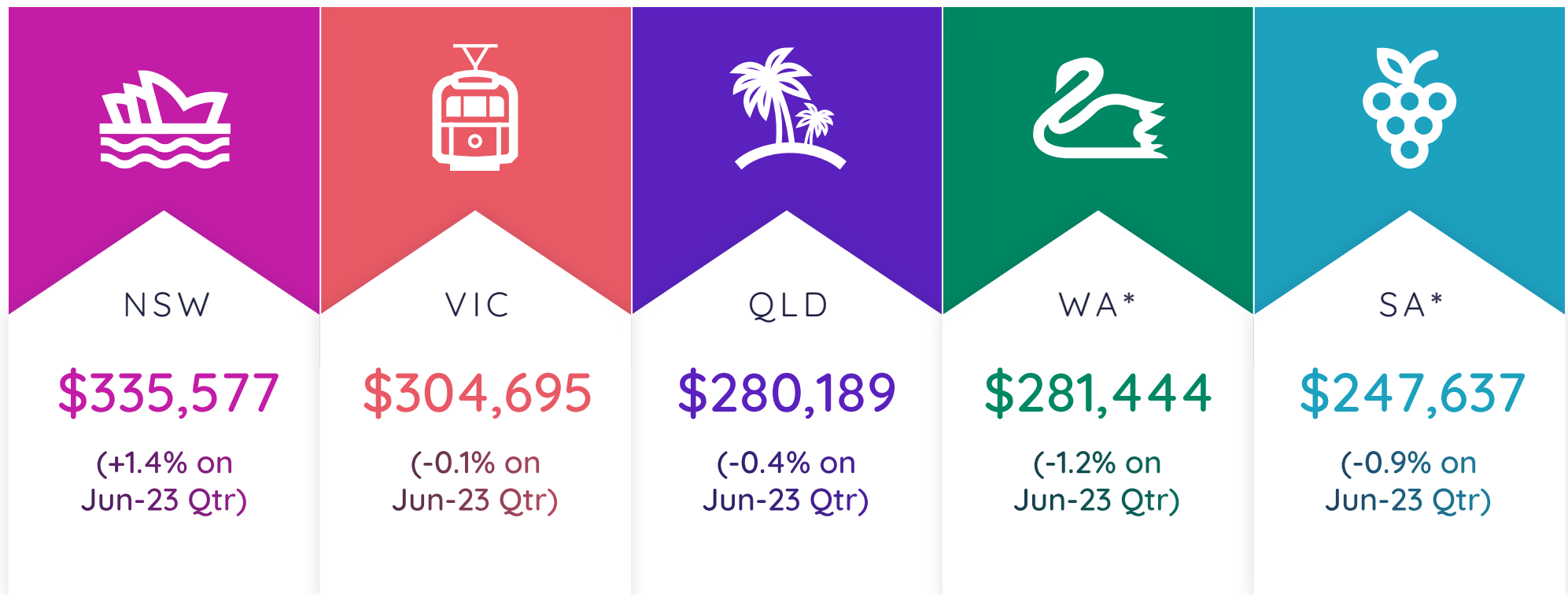
Median refinanced loan values were highest in NSW and lowest in SA

NSW edged higher, up 1.4% in the Sep-23 Qtr to \$335,577

MEDIAN LOAN VALUE FOR PROPERTY REFINANCES, SEP-23 QTR

It should be noted that the median loan value 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.

Median loan value for property refinances were well below those for new loans. Owners who refinanced had generally bought properties some time ago and paid down a portion of the loan prior to refinancing. Therefore, refinanced loan values were less impacted by changing property prices than new loans.



Source: PEXA

Note: Include both residential and commercial refinances.

New Loans



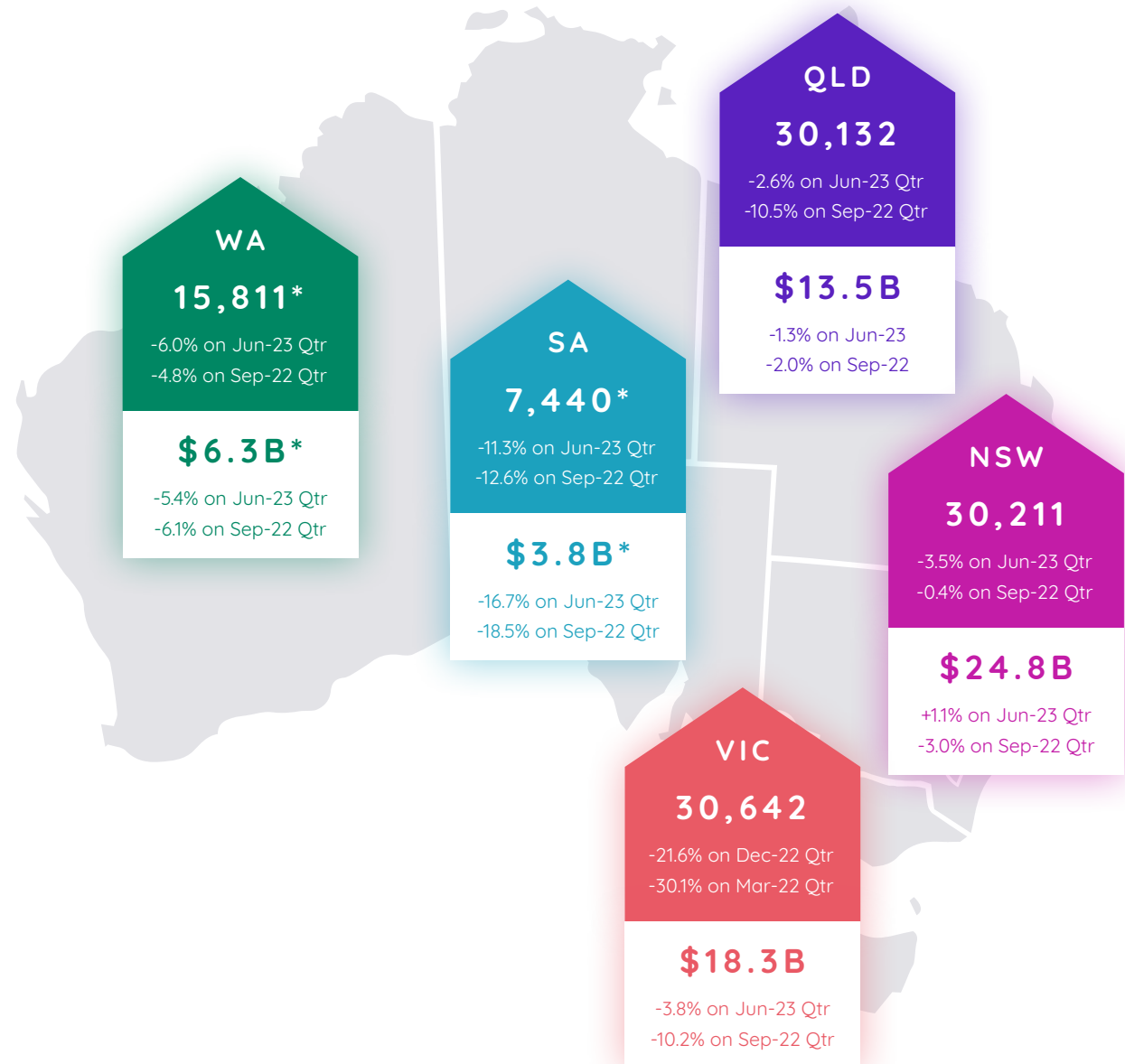
VIC recorded 30,642 residential new loans in the Sep-23 Qtr, the most of any state

NSW (30,211) and QLD (30,132) posted similar volumes during the quarter

New loan volumes shrunk in the Sep-23 Qtr across all mainland states, reflecting lower sale settlements during the period.

A total of \$66.7B of new residential lending was issued nationally in the Sep-23 Qtr. NSW recorded the highest aggregate value of new loans with \$24.8B, followed by VIC with \$18.3B.

RESIDENTIAL NEW LOANS, SEP-23 QTR, TOTAL VOLUME AND AGGREGATE VALUE



Source: PEXA

* WA & SA includes residential and commercial new loans

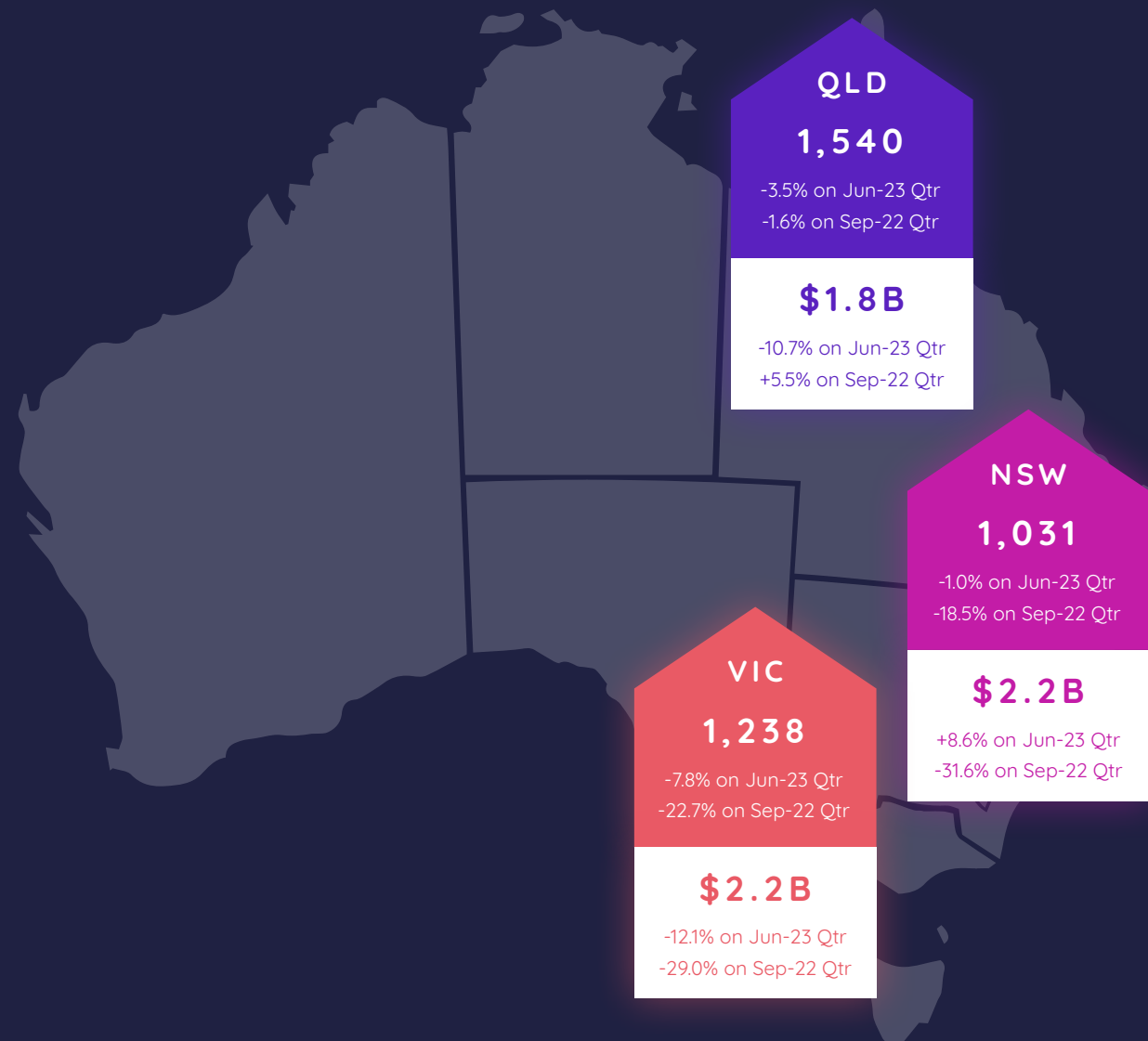
Commercial new loans were strongest in QLD during the Sep-23 Qtr

QLD recorded 1,540 new loans compared to VIC (1,238) and NSW (1,031)

Total borrowing for the purchase of commercial property in both NSW and VIC topped \$2.2B during the quarter. This was significantly down on the prior year (-31.6% and -29.0% respectively).

QLD on the other hand saw commercial borrowing rise 5.5% from the prior year to \$1.8B.

COMMERCIAL NEW LOANS, SEP-23 QTR, TOTAL VOLUME AND AGGREGATE VALUE

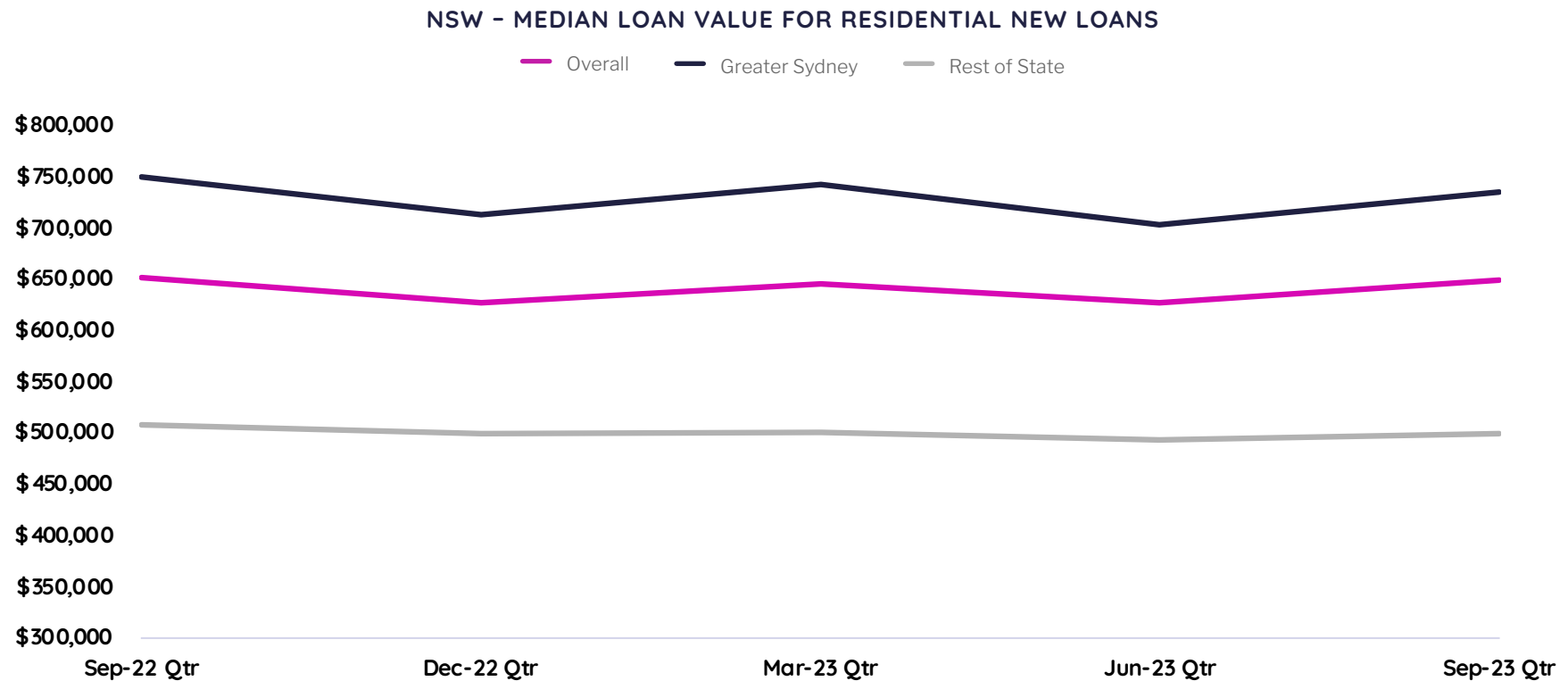


Source: PEXA

Note: Commercial new loans not available for WA & SA

The median loan value in Greater Sydney rose 4.6% to \$735,681 in the Sep-23 Qtr

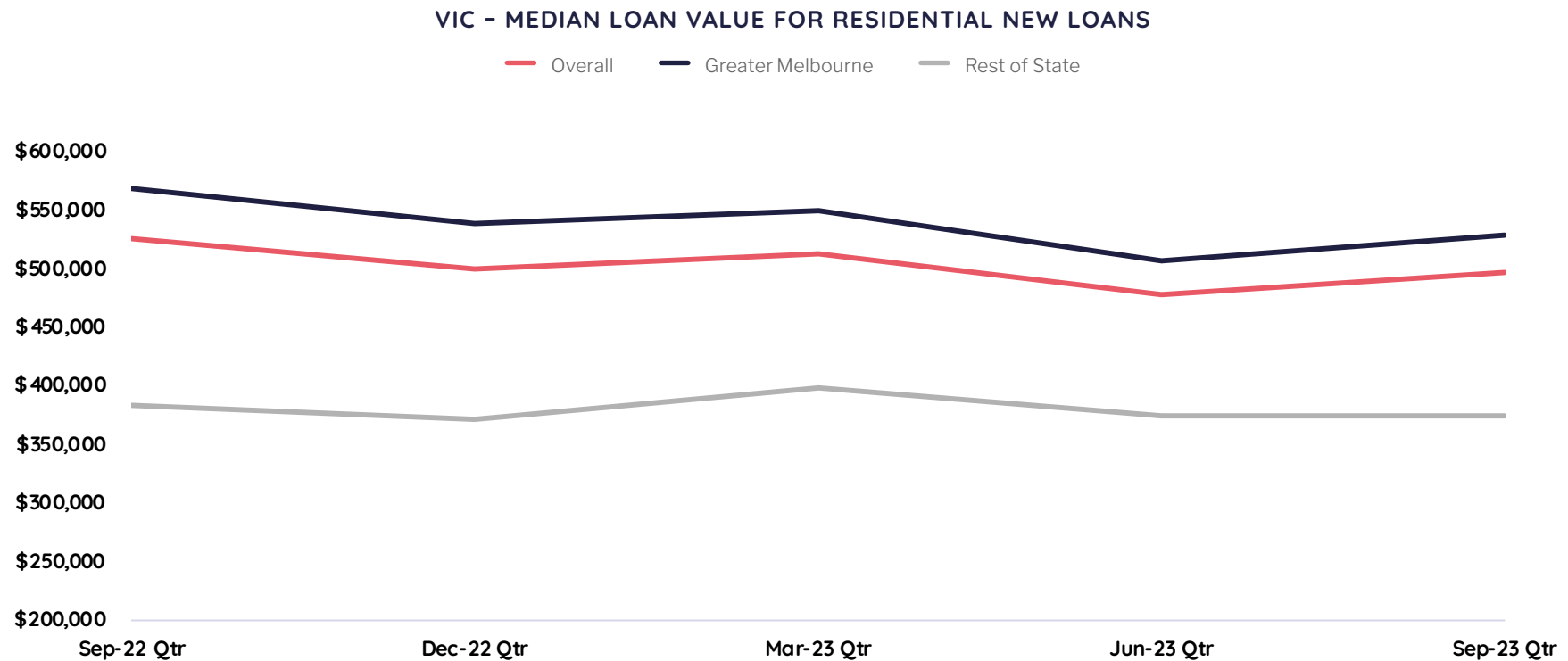
However, this was still lower than the \$749,437 recorded in the Sep-22 Qtr



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The median loan value in VIC edged upwards to \$497,447 in the Sep-23 Qtr

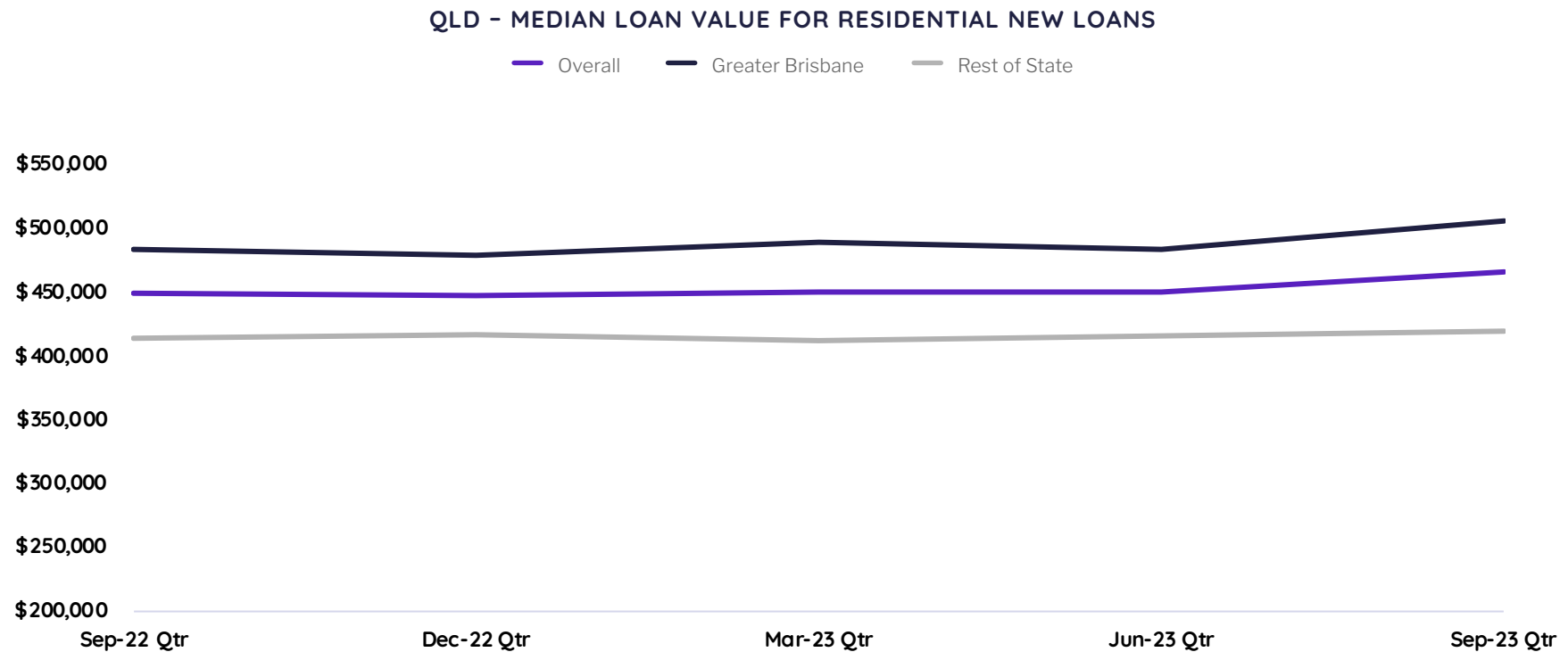
This was driven by Greater Melbourne where the median rose 4.5% to \$529,150



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The median loan value in Greater Brisbane rose 3.5% to \$465,557 in the Sep-23 Qtr

This was the highest median value for the city in the past year



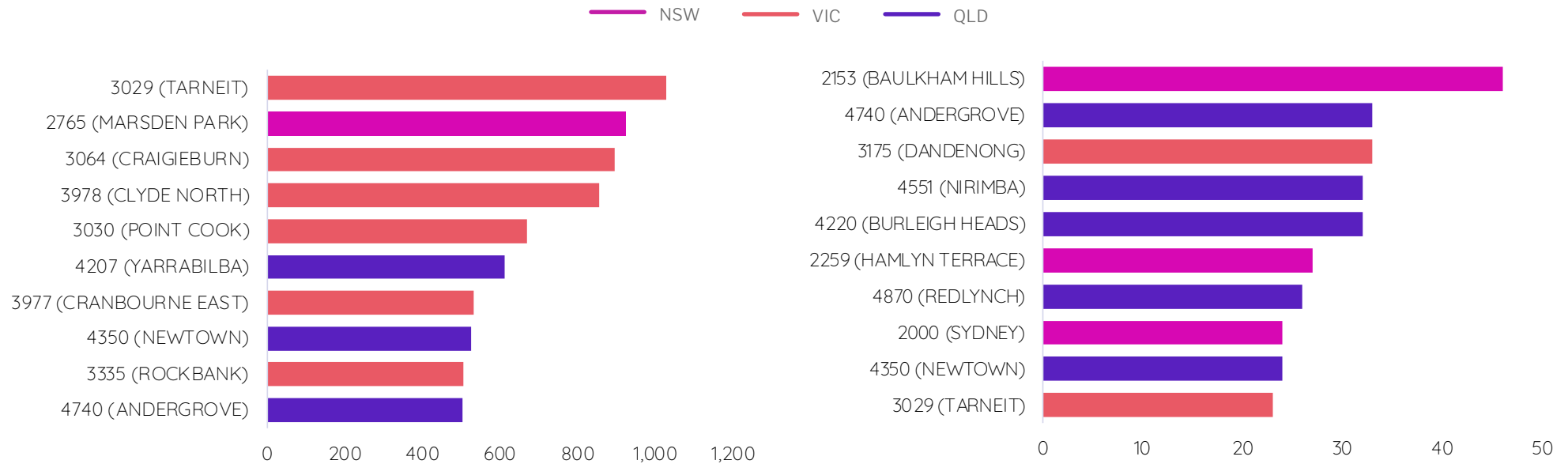
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4 of the top-5 postcodes for residential new loans in the Sep-23 Qtr were in VIC

3029 (Tarneit) topped with over 1K residential new loans; 2153 (Baulkham Hills) in NSW topped for commercial new loans with 46

**TOP-10 POSTCODES FOR RESIDENTIAL NEW LOANS
SEP-23 QTR, TOTAL VOLUME**

**TOP-10 POSTCODES FOR COMMERCIAL NEW LOANS
SEP-23 QTR, TOTAL VOLUME**



2765 (Marsden Park) was the only postcode in NSW to make the top-10 recording 924 new loans during the quarter.

Postcodes 4740 (Andergrove) and 3029 (Tarneit) made the top-10 for both residential and commercial new loans, highlighting the diverse mix of property types in these regions that were popular with buyers.

Refinances



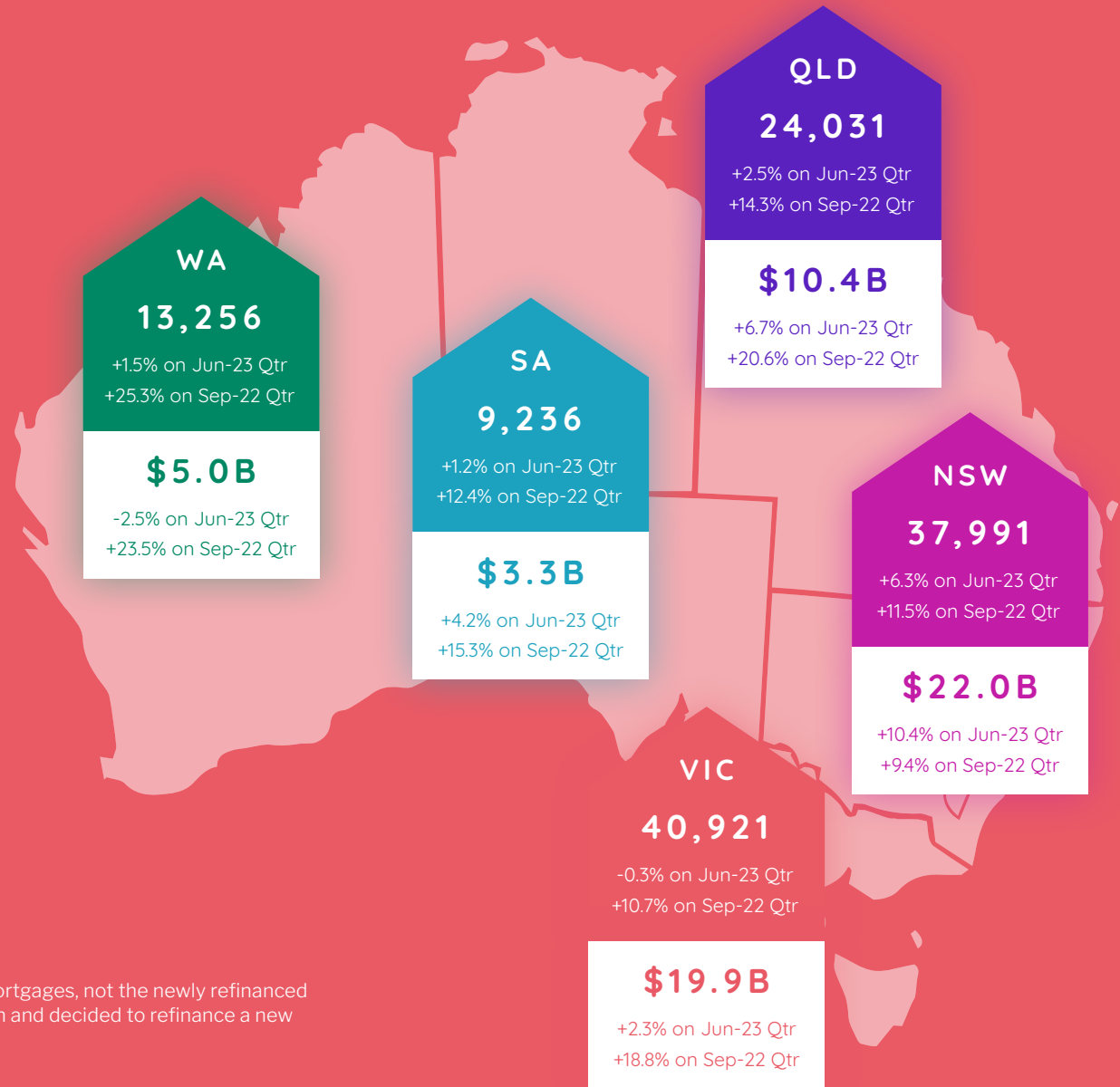
REFINANCES, SEP-23 QTR, TOTAL VOLUME AND AGGREGATE VALUE

Once again VIC recorded the most refinances with 40,921 during the recent quarter

NSW was close behind with refinances jumping 6.3% to 37,991

All mainland states saw double digit growth in refinances compared to the prior year, with WA growing fastest, up 25.3% to 13,256.

Value-wise, NSW topped the nation with a total of \$22.0B refinanced during the quarter.



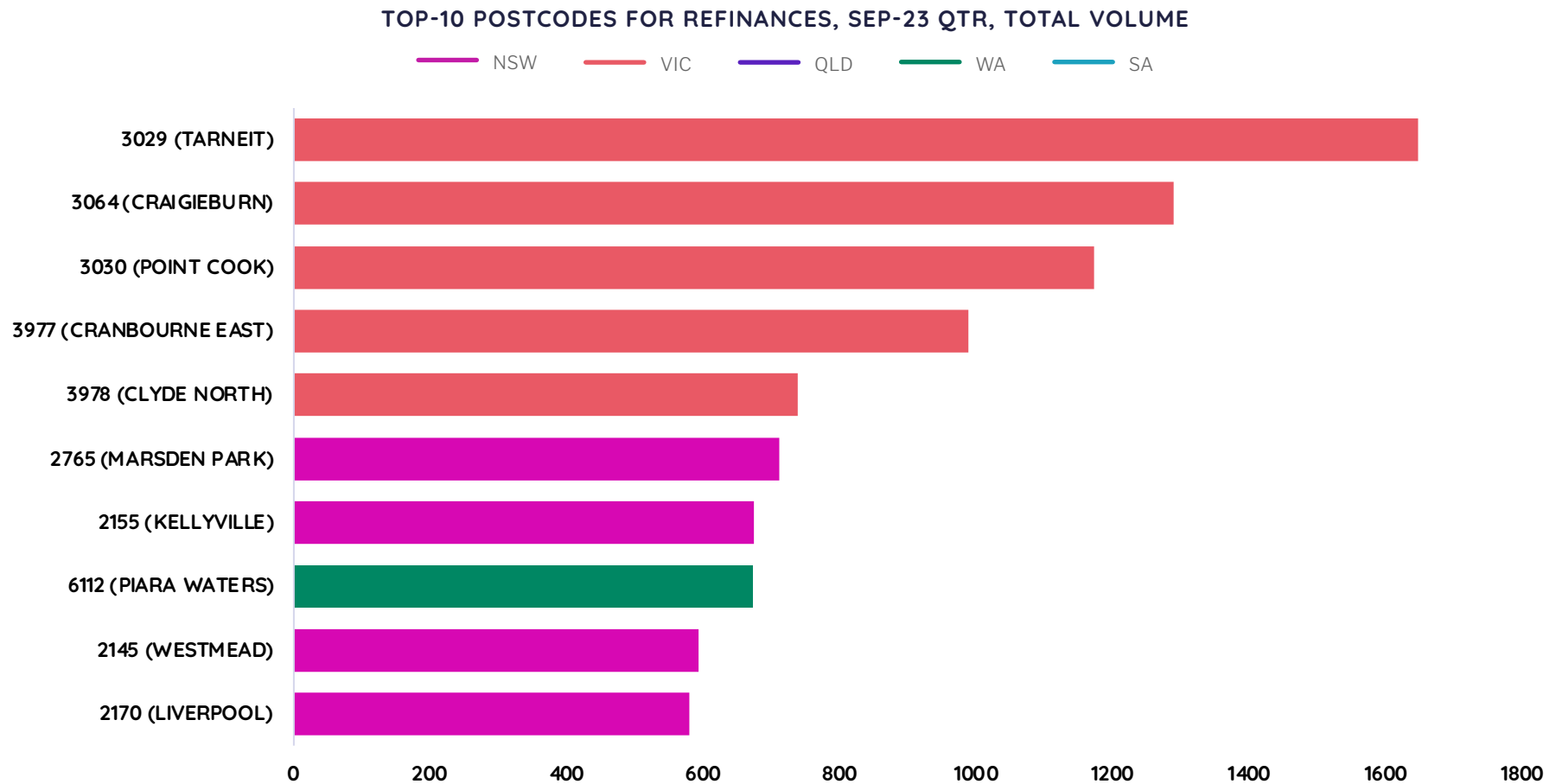
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Source: PEXA

Note: All states shown include both residential and commercial refinances.

Postcode 3029 (Tarneit) topped the country for both new loans and refinances

1,647 refinances were completed in the postcode during the Sep-23 Qtr.



Source: PEXA

Note: All states shown include both residential and commercial refinances. 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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