

MORTGAGE INSIGHTS (NATIONAL REPORT)

Loan values in the December 2025 quarter smashed through the \$100 billion mark for the first time, reaching \$115.18 billion — a sharp 23.6% year-on-year jump.

However, the total number of mortgages issued annually (556,092) remains 12% below the 2021 peak. At the same time, the average annual loan size has climbed to \$692,336 — now 24.7% higher than in 2021. This shows the extent to which the mortgage market is driven by house prices.

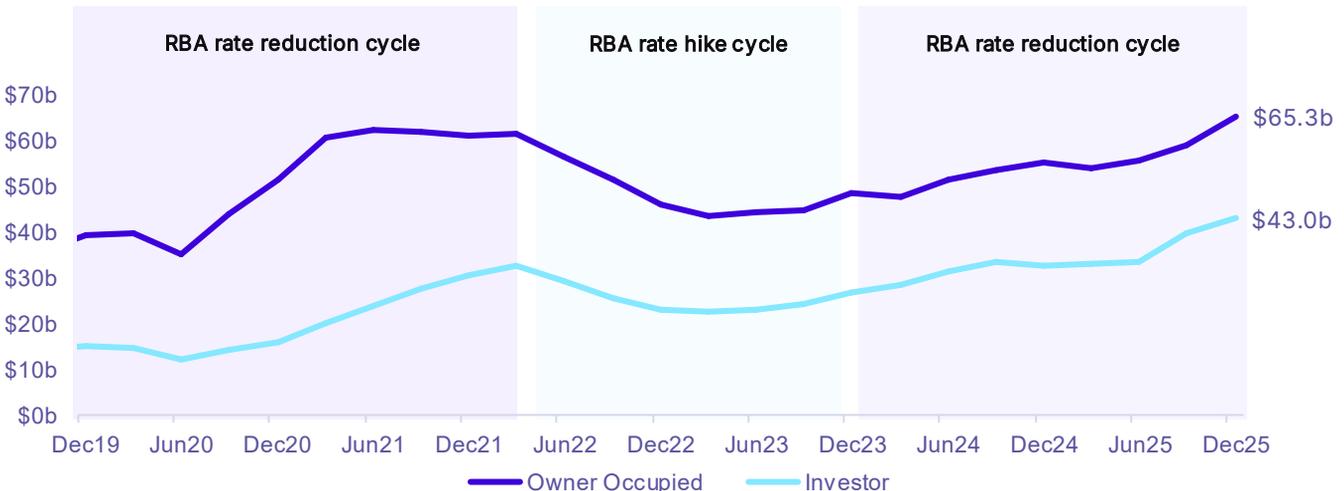
Loans for new dwellings remain the key area of decline. Owner occupier loans in this segment fell 9% over the year, while investor loans dropped 4%, even as the broader market expanded. This suggests new housing supply remains well below peak, adding further pressure to demand and prices heading into 2026.

Note: This report uses year to December 2025 figures to provide a clearer view of market trends by smoothing out short-term swings and seasonal variations.

MORTGAGE MARKET OVERVIEW

| | | | | | | | | | | |
|--|---|----------------|----------|------------------|------------------|------------------|------------------|------------------|-----------------|---|
| <p>Total new quarterly Loans</p> <p>158,121</p> <p>↑ 10.6% quarterly</p> <p>↑ 13.5% annually</p> | <p>New average loan size (new & existing dwellings)</p> <table border="0"> <tr> <td>Owner occupier</td> <td>Investor</td> </tr> <tr> <td>\$736,257</td> <td>\$716,711</td> </tr> <tr> <td>↑ 6.1% quarterly</td> <td>↑ 4.5% quarterly</td> </tr> <tr> <td>↑ 10.5% annually</td> <td>↑ 6.4% annually</td> </tr> </table> | Owner occupier | Investor | \$736,257 | \$716,711 | ↑ 6.1% quarterly | ↑ 4.5% quarterly | ↑ 10.5% annually | ↑ 6.4% annually | <p>Average new interest rates</p> <p>5.50%</p> <p>↓ -0.01% quarterly</p> <p>↓ -0.74% annually</p> |
| Owner occupier | Investor | | | | | | | | | |
| \$736,257 | \$716,711 | | | | | | | | | |
| ↑ 6.1% quarterly | ↑ 4.5% quarterly | | | | | | | | | |
| ↑ 10.5% annually | ↑ 6.4% annually | | | | | | | | | |

Total quarterly new loan values (seasonally adjusted):



OVERALL LOAN MARKET

Investor loans hit a record 39% market share in 2025.

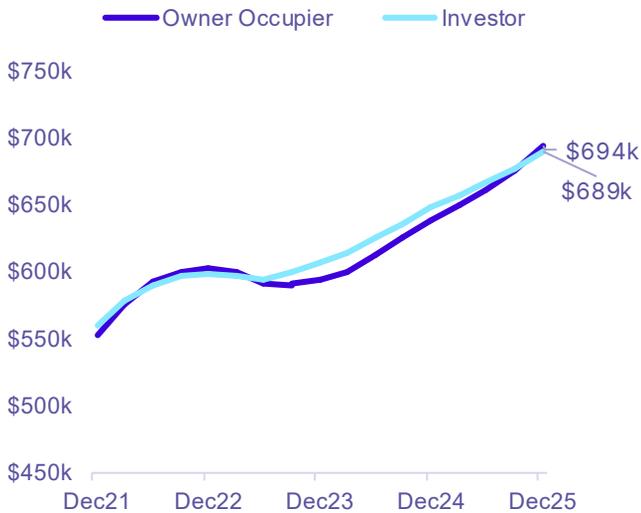
Overview

- Owner occupier
- Investor
- First home buyer
- Refinancing

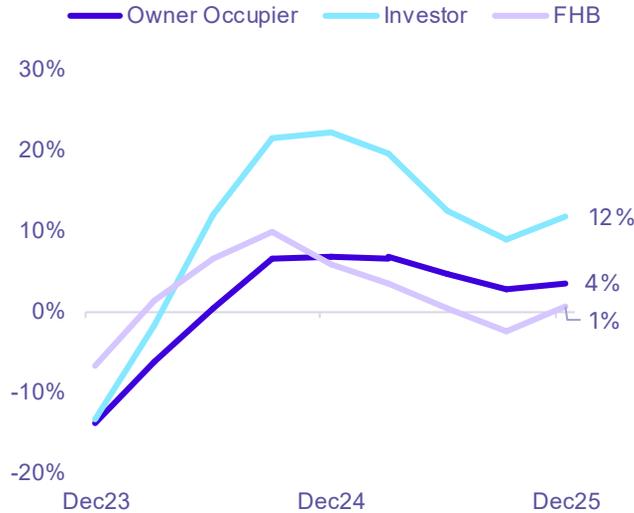
However, the average annual owner occupier loan size rose 9% over the year, overtaking the average annual investor loan size for the first time in more than two years. The average owner occupier loan reached \$694,381, compared with \$689,160 for investors.

Despite this, investors continue to gain ground overall. Investor lending volumes grew 12% annually — three times the 4% growth recorded among owner occupiers.

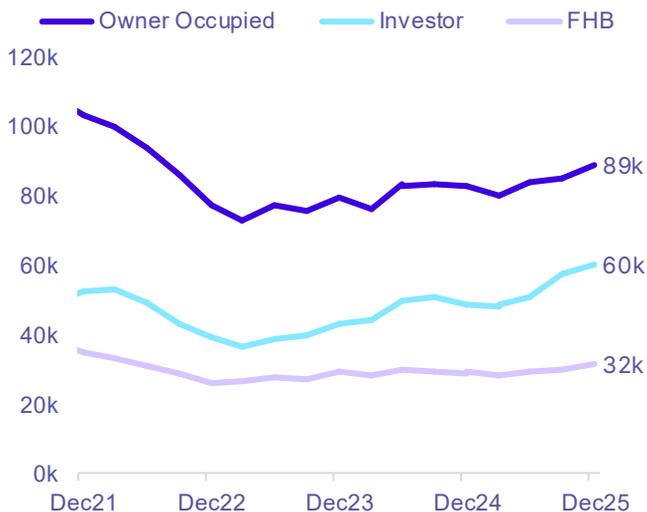
Avg loan size – Annual new & existing dwellings



Annual growth of annual loan numbers



Quarterly loans – Seasonally adjusted



Investor lending reached a record 39% market share in 2025.

OWNER OCCUPIER LOANS

Overview

Owner occupier

Investor

First home buyer

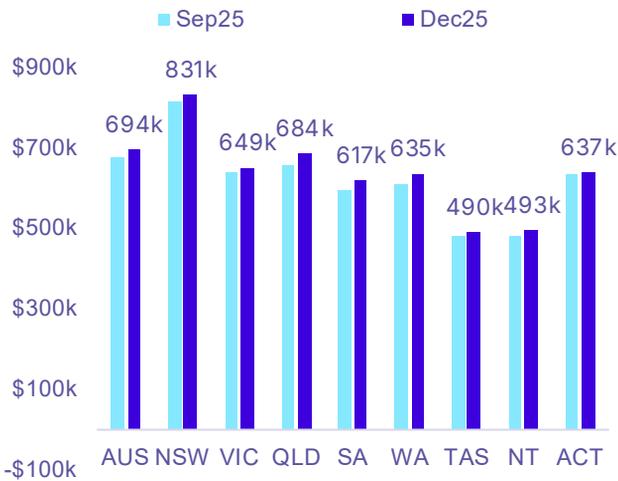
Refinancing

While overall owner occupier lending rose 4% in 2025, land and construction loans have stalled. Volumes were flat at 56,686 over the year and remain 58% below their 2021 peak levels (or 77,490 loans below peak).

The main growth area for owner occupiers is alterations, additions and repairs, which rose 8% over the year. While this segment accounts for just 9% of the total owner occupier market, the uptick signals ongoing affordability pressures, with more homeowners choosing to build equity through renovations.

Based on current growth trends, owner occupier lending is forecast to lift 5% in 2026 to 354,910 loans, while land and construction loans are expected to grow just 2%.

Avg loan size – Annual new & existing dwellings

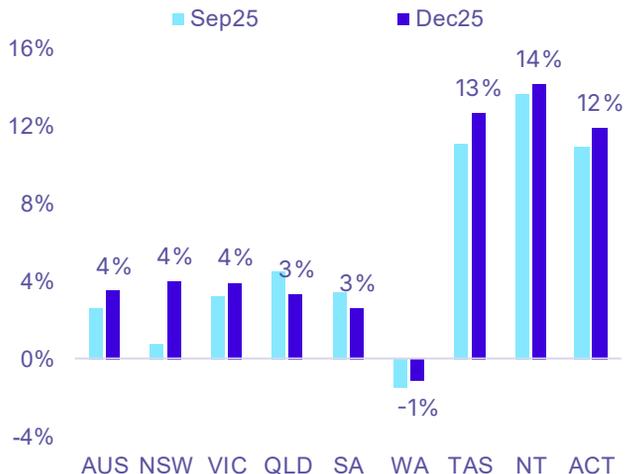


Annual growth in new loan numbers by type



Owner occupier land and construction loans have flatlined, remaining 77,490 loans below peak 2021 levels — a 58% drop from the high.

Annual growth in new loan numbers



INVESTOR LOANS

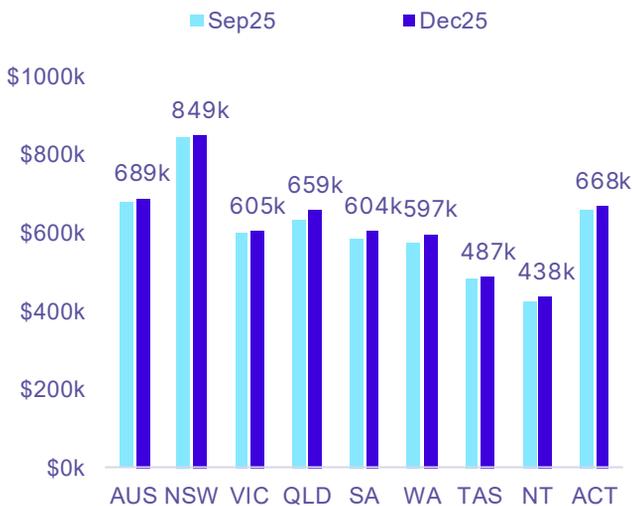
- Overview
- Owner occupier
- Investor**
- First home buyer
- Refinancing

Investor loans for existing dwellings rose 15% in the last 12 months. This segment now makes up 82% of investor lending and is driving the sector's overall 12% annual growth. Investor loans for alterations also rose 15% annually. Investors are increasingly funding upgrades that can boost rental returns and capital gains.

Despite investor construction loans reaching a record 29,293 — almost double the year to June 2021 level of 14,790 — construction remains one of the slowest-growing segments, rising just 2% over the year. This points to ongoing constraints in new building activity despite strong investor interest.

Investor lending is projected to rise 13% in 2026 to 246,598 loans.

Avg loan size – Annual new & existing dwellings

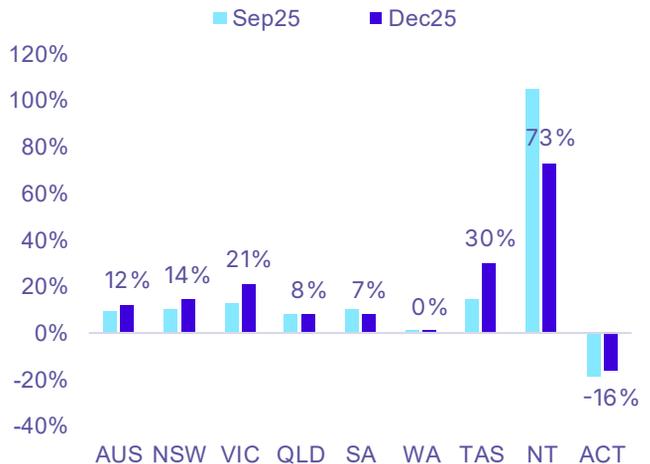


Annual growth in new loan numbers by type



Investor lending for existing dwellings surged 15% to account for 82% of all investor loans, while construction activity grew just 2% despite reaching record volumes.

Annual growth in new loan numbers by state



FIRST HOME BUYER LOANS

- Overview
- Owner occupier
- Investor
- First home buyer**
- Refinancing

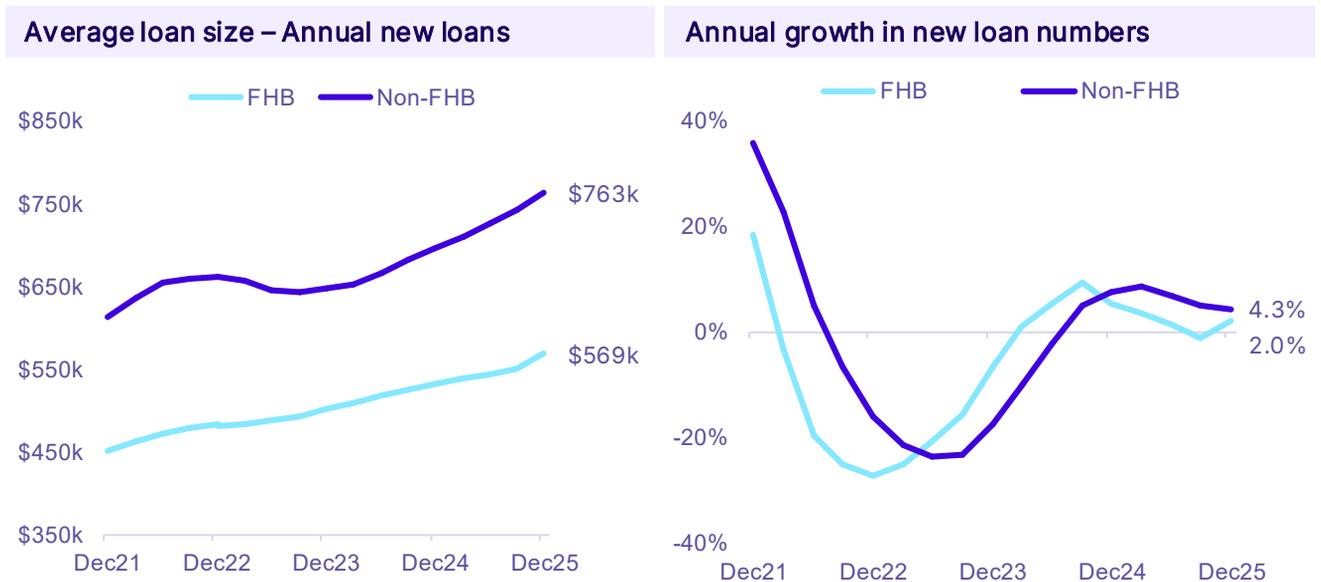
Owner occupier first home buyer (FHB) loans hit their highest annual level since 2021, buoyed by the Australian Government 5% Deposit Scheme. The December 2025 quarter alone was up 10% year-on-year.

The increase in demand was largely driven by NSW, where quarterly loans jumped 20%, adding 9,164 loans and pushing annual growth back into positive territory at 2% for the state.

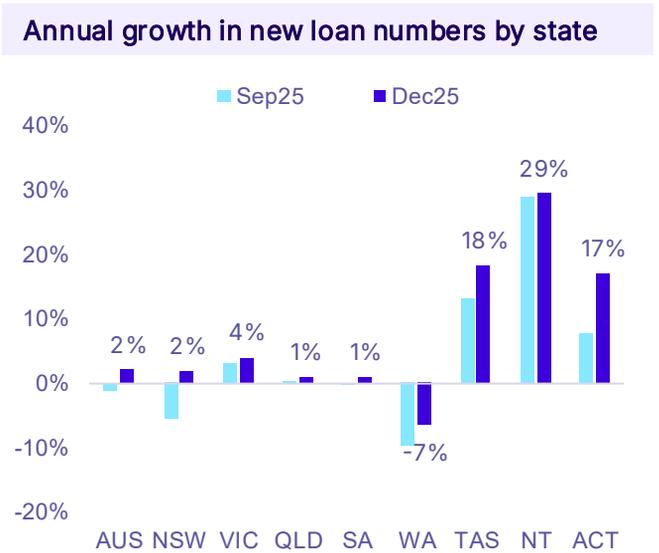
Perhaps the more immediate impact of the scheme has been on loan sizes, which have jumped sharply. The strongest growth was seen in Western Australia and Queensland, where average annual loan sizes rose 13% and 12% annually, respectively.

The true test of the First Home Buyer Scheme will come in 2026, with new loan volumes still relatively subdued despite the recent uplift. Ongoing house price pressures and the prospect of further cash rate rises in 2026 are likely to keep first home buyer lending from accelerating significantly.

FHB loans are expected to increase by 11% in 2026 to 140,081 loans.



Owner occupier FHB loans hit their highest annual level since 2021, with average annual loan sizes surging 12% over the quarter to record highs.



LOAN REFINANCING

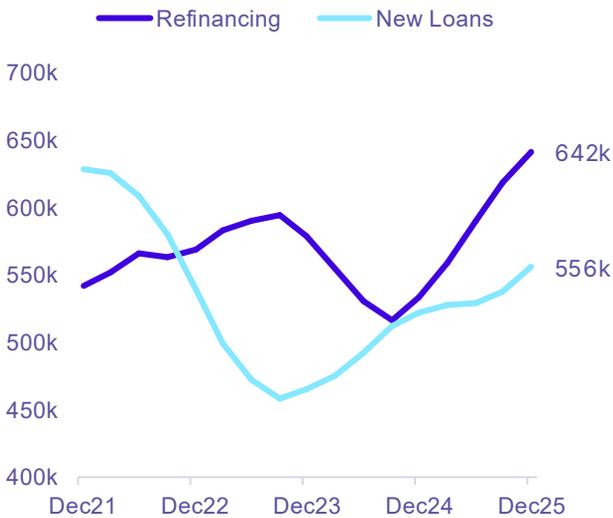
- Overview
- Owner occupier
- Investor
- First home buyer
- Refinancing**

Total refinancing hit record levels in 2025, with 641,552 loans refinanced — 20% higher than 2024 levels (533,839). Refinance loans are expected to grow 19% in 2026 to 762,437 loans.

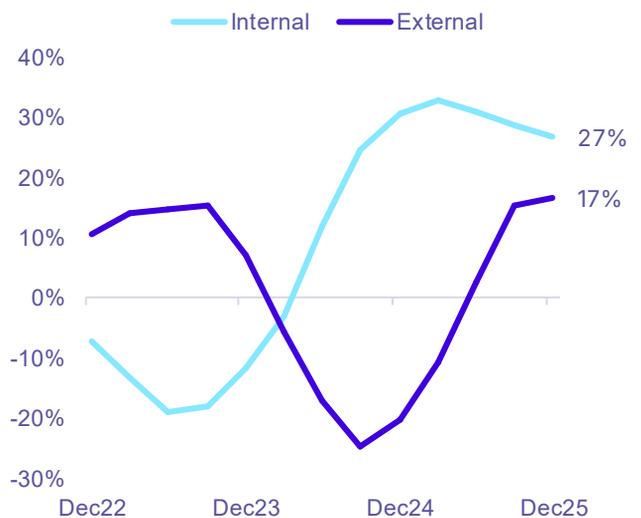
Internal refinances reached a record 232,950 loans in the past 12 months, and while they account for 36% of total refinancing activity, they are growing faster — up 27% annually compared with 17% for external refinances. That equates to 12,439 additional internal refinances over the year, compared with 9,894 more external refinances.

Refinancing, now at record highs, looks set to push higher. With the cash rate rising again, further growth in refinancing activity is expected. For example, refinancing picked up 3% in the year after rate hikes began in 2022. However, the mix shifted: external refinancing rose 10% while internal refinancing fell 13%. This suggests more borrowers in 2026 may look beyond their current lender in search of a better rate, particularly if rates rise further this year.

Annual refinancing v new loan numbers

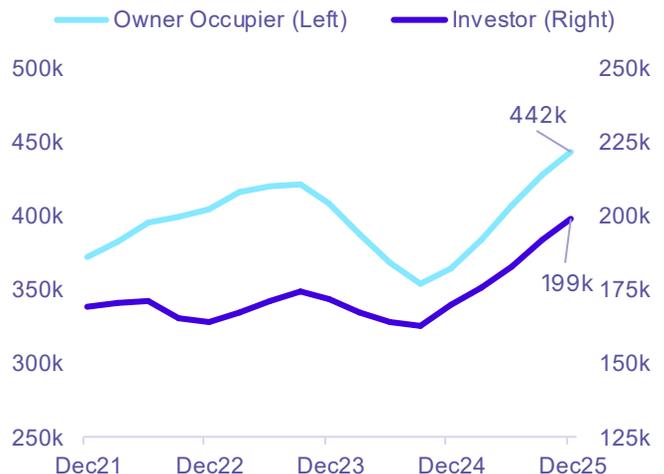


Annual growth in annual refinance loans



Refinancing hit a record 641,552 loans in 2025, driven by internal refinancing, which surged 27% to a new high of 232,950 loans.

Annual refinancing loan numbers



DATA USED

This report uses publicly available datasets, from the Australian Bureau of Statistics (ABS) Lending Indicators (December 2025 release).

The data used in this report is primarily original data, not seasonally adjusted. The ABS does not provide seasonally adjusted figures in a number of datasets, including loan units (as opposed to dollar value). Without that, we cannot do an accurate calculation of average loan size across loan type. We can also not fully compare all loan types, because some are not available seasonally adjusted.

Note: creating annual figures smooths the data in much the same way as seasonal adjustments; the annual data for total loans is almost identical looking at seasonally adjusted versus original.

When seasonally adjusted data is used, it is noted in the charts.

Any forecasts / projections on industry growth are using a formula for growth based on prior periods. It doesn't take into account macro economic changes or recent events and should be used as a guide only.

Growth figures:

- Annual growth means annual change in loans. This shows the trend. Loan numbers are used, not loan value.
- Monthly change is generally used when looking at interest rates; a pure basis point calculation of each month compared with the previous month.
- Looking at growth this quarter versus last quarter shows the current growth, but also where it is headed (up or down).

Other notes:

- New & existing dwellings refers to the loans for purchase of newly erected dwellings, existing dwellings and construction of dwellings; and excludes land and alterations.
- Total new loans refers to all new loans, excluding refinancing.
- Individual data is not always available on first home buyers in TAS, the ACT and NT, so they have been combined.
- FHB refers to first home buyer, OO to owner occupier, and IN to investor loans.
- Any charts that include 'left' and 'right' refer to the axis on the left and right hand side.

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