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MORTGAGE INSIGHTS (NATIONAL REPORT)

Refinancing activity is at a four-year high. Refinancing has progressively overtaken new lending over the past few years, showing a notable flip in the market. Owner occupiers account for 70–75% of all refinancing activity.

Queensland is driving the owner occupier market with 5% annual growth, while Victoria is leading investor lending with a 13% annual rise — highlighting two very different demand drivers across the states.

Overall, investor lending continues to outperform owner occupier lending, while first home buyer activity has declined on an annual basis, but remains steady on a quarterly basis.

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

MORTGAGE MARKET OVERVIEW

Total new quarterly Loans

143,137

↑ 4.3% quarterly

↑ 6.0% annually

New average loan size (new & existing dwellings)

Owner occupier

$693,801

↑ 2.3% quarterly

↑ 8.1% annually

Investor

$685,634

↑ 1.7% quarterly

↑ 5.7% annually

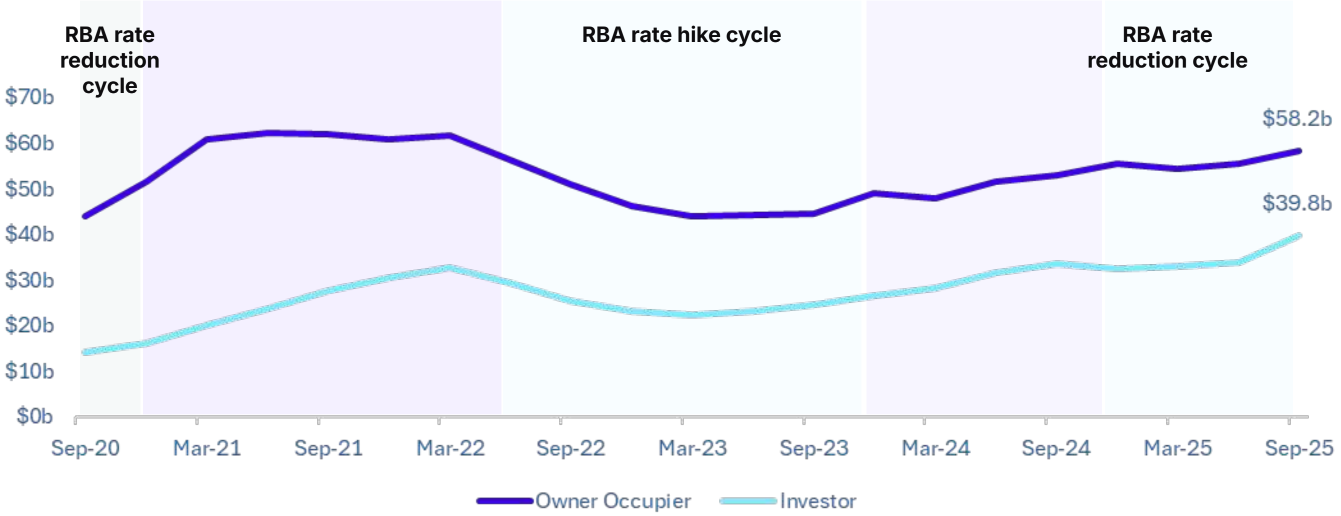
Average new interest rates

5.51%

↓ -0.24% quarterly

↑ -0.76% annually

Total quarterly new loan values (seasonally adjusted):



OVERALL LOAN MARKET

Overview
Owner occupier
Investor
First home buyer
Refinancing

Investor loans are still growing at three times the rate of owner occupier loans, with annual loan growth of 9% compared with 3%. Total loans reached 537,326 in the year to September 2025.

Owner occupier and investor loans for new builds, land and construction are down 3.5% annually to 124,359, a symptom of the broader housing supply shortage. These loans are now 38.3% below their previous peak in the year to June 2021.

Money.com.au Property Expert, Debbie Hays, says the composition of the property market is narrowing.

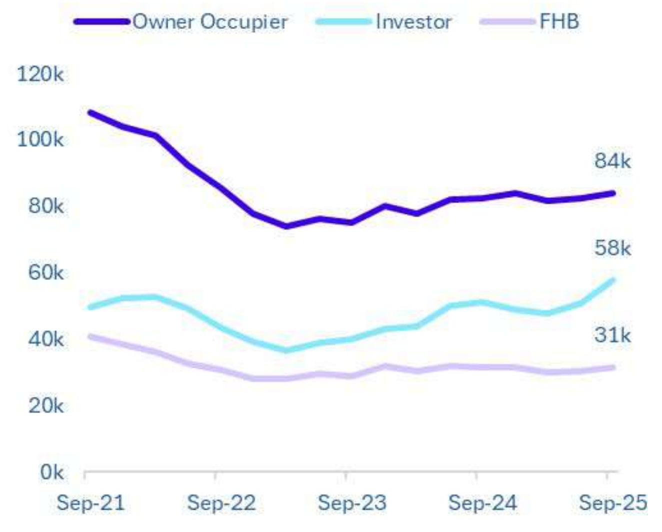
"When borrowing for new builds continues to go backwards, it's a clear sign that supply isn't keeping up, and more buyers are being pushed to compete for existing properties. That inevitably drives prices higher, and with it, the average debt size," she says.

Avg loan size – Annual new & existing dwellings

Annual growth of annual loan numbers

The gap in annual loan size between owner occupiers and investors has almost disappeared. Owner occupier loans now average $674,860 versus $676,797 for investors — **a difference of just 0.3%** — compared with a 1–2% gap previously.

Quarterly loans – Seasonally adjusted



OWNER OCCUPIER LOANS

Owner occupier loan numbers rose by 3% in the year to September 2025, reaching 331,793 loans.

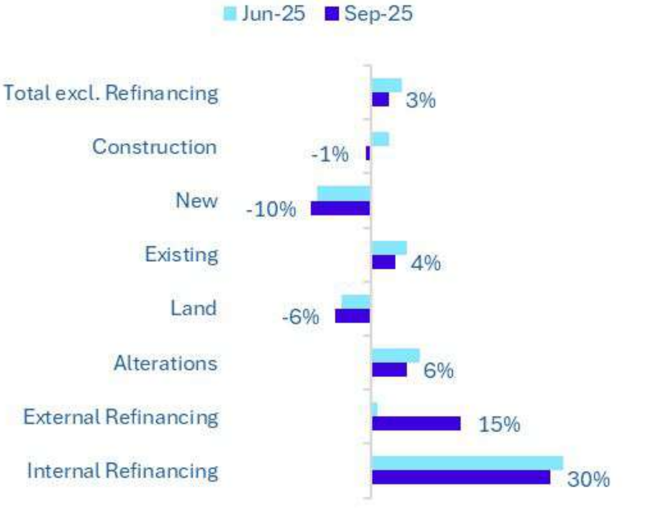
While annual growth has moderated, loan volumes remain 9.3% above the year to September 2023 lows, so the recovery is steady, but not yet broad-based.

Queensland's lifestyle appeal continues to underpin buyer demand, leading owner occupier annual growth at 5%, despite a softer national market. More owner occupier loans are issued in QLD (72,475 loans) than in WA and SA combined (62,850 loans). Overall, all major states saw modest annual growth in owner occupier loan numbers, except Western Australia, which recorded a 2% decline.

Notably, owner occupier loans for new builds were down 10% annually. The market is underpinned by modest growth in existing-property loans (up 4%) and renovation loans (up 6%).

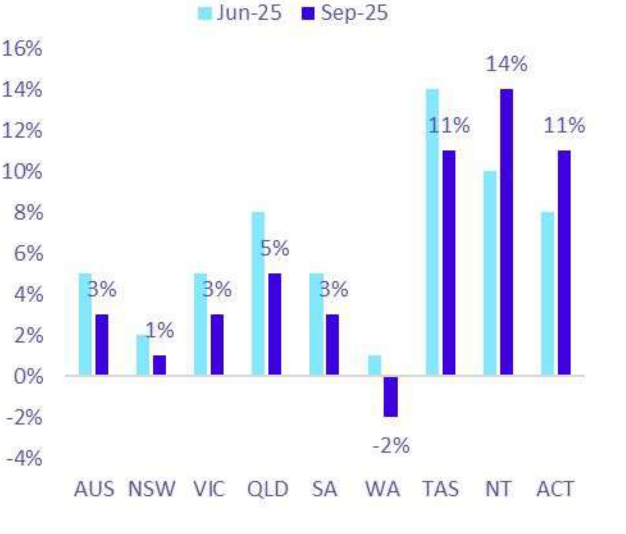
Avg loan size – Annual new & existing dwellings

Annual growth in new loan numbers by type



While growth has moderated, **owner occupier loan volumes remain 9.3% above the lows recorded in the year to September 2023**, indicating a steady recovery.

Annual growth in new loan numbers



INVESTOR LOANS

Investor loan numbers rose by 9% in the year to September 2025, reaching 205,533 loans.

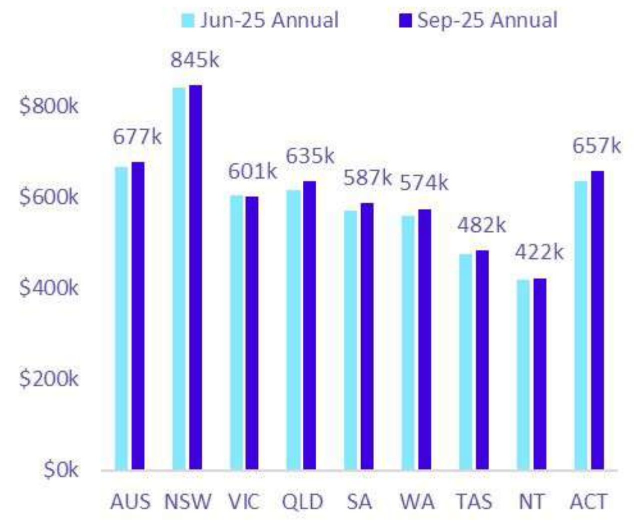
Investor lending is now 32.3% above its year to September 2023 lows. On a quarterly basis, investment loans have reached their highest levels since the March quarter of 2022.

Notably, Victoria is firmly back in vogue with investors. VIC led the country in annual investor loan growth, rising 13%.

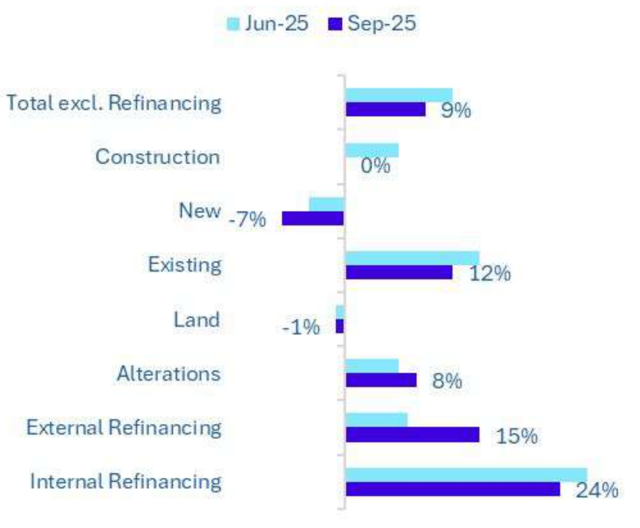
Despite VIC's surge, Queensland still holds a slightly larger share of the investor market at 23.4% — but only just. Victoria sits at 23.2% investor market share, a difference of only 0.2 percentage points. This raises the question of whether Victoria could reclaim its position as Australia's second-largest investor market by year's end.

New South Wales (11%) and South Australia (10%) also recorded double-digit annual growth, while Queensland followed with a single-digit growth at 8%.

Avg loan size – Annual new & existing dwellings



Annual growth in new loan numbers by type



Despite Victoria's surge, Queensland still holds a larger share of investor loans, but only just. **VIC could reclaim its position as Australia's second-largest investor market** by year's end.

Annual growth in new loan numbers by state

FIRST HOME BUYER LOANS

On an annual basis, first home buyer (FHB) loans are moving in the opposite direction to the rest of the market — down 3%, compared with 8% growth among other buyers. These figures reflect the period prior to the expansion of the First Home Guarantee, which took effect on 1 October 2025.

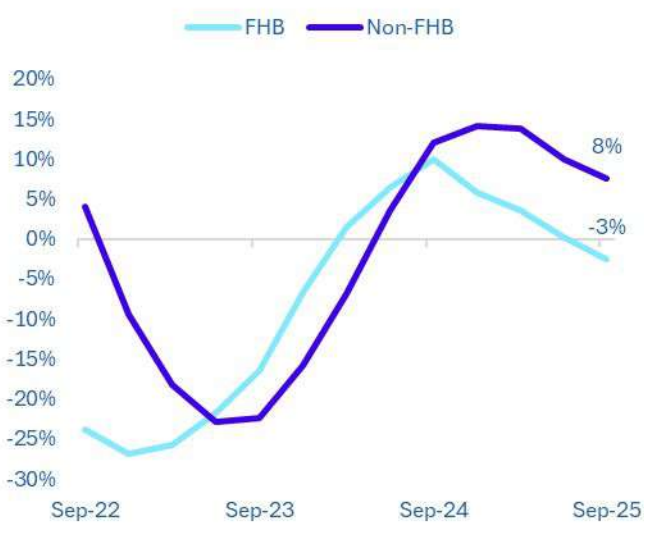
Debbie says the First Home Guarantee will see first home buyers catch up to the rest of the market only marginally.

"The expanded First Home Guarantee will give first home buyers a lift, but only at the margins. Deposit support helps, but it doesn't solve the bigger issues of tight borrowing capacity, high prices and limited new supply," she says.

FHB loan sizes have been growing at a steady 1.4% on average each quarter, while non-FHB loan sizes have picked up to around 1.9% per quarter on average since mid-2024.

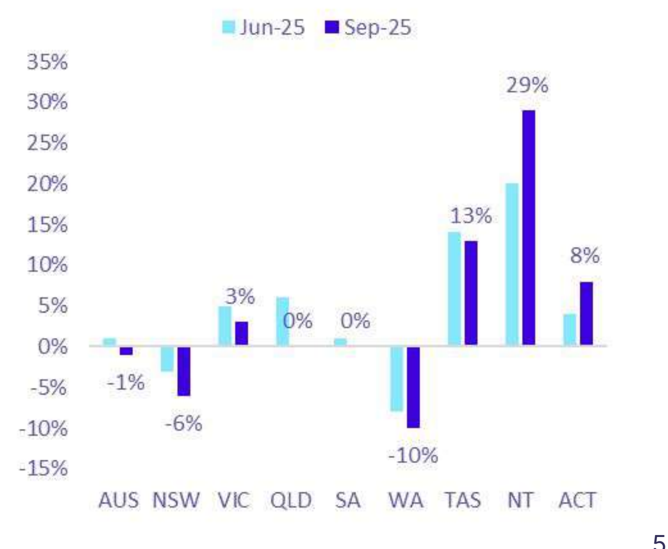
Average loan size – Annual new loans

Annual growth in new loan numbers



On a quarterly basis, FHB loan growth has been stable at an average of 1.4%, while non-FHB growth has accelerated since mid-2024 to an average of 1.9%.

Annual growth in new loan numbers by state



LOAN REFINANCING

Overview
Owner occupier
Investor
First home buyer
Refinancing

Refinancing activity is at a four-year high, with Australians refinancing 618,966 loans in the year to September 2025. Over the same period, new loans totalled 537,326, meaning refinancing now exceeds new lending by 81,640 loans.

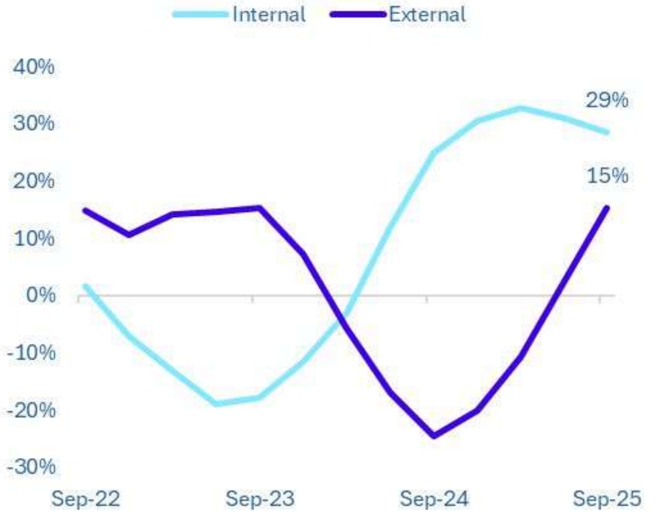
In contrast, in the year to September 2021, new loans outnumbered refinances by 97,502 — a turnaround of almost 180,000 loans.

Owner occupiers account for 70–75% of all refinancing activity. Homeowners are more focused on rate reduction than investors, who can claim interest expenses as a tax deduction. However, debt reshuffling remains common across both segments.

Internal refinancing is up 29% year-on-year — almost double the 15% annual growth in external refinancing.

Annual refinancing v new loan numbers

Annual growth in annual refinance loans



Australians refinanced a total of 618,966 loans in the year to September 2025, compared to 537,326 new loans issued.

Annual refinancing loan numbers

DATA USED

This report uses publicly available datasets, from the Australian Bureau of Statistics (ABS) Lending Indicators (September 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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