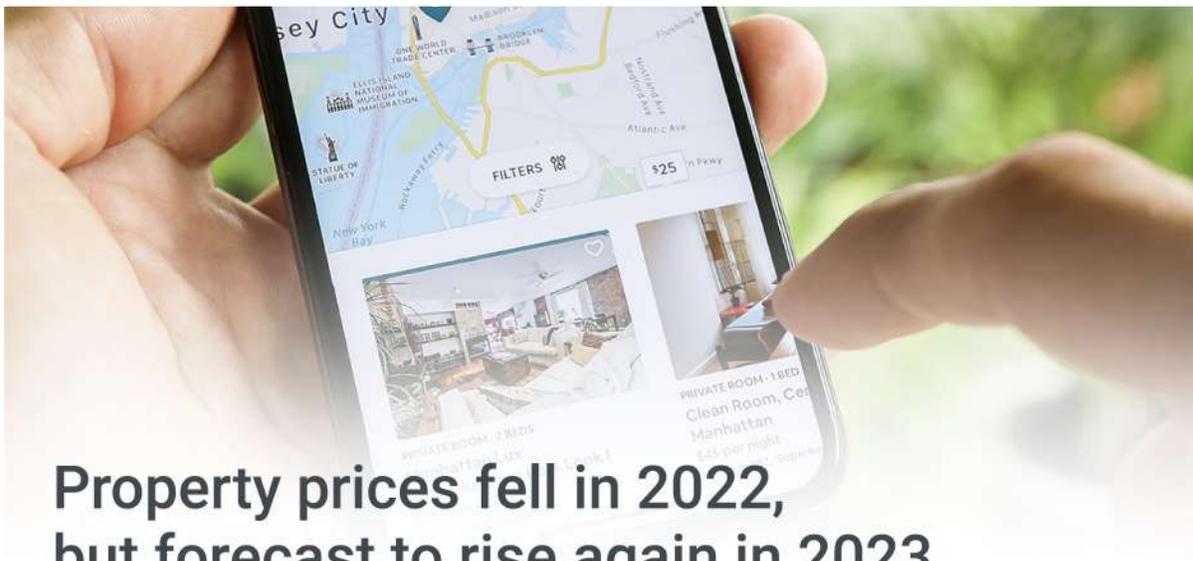


Hi ,

Can you believe it's already the end of the year? I hope you have a wonderful Christmas break. Here are four stories to round out 2022:

- Property market update
- Refinancing surges
- Fixed vs Variable
- Brokers post record result

Read more below.



The property market has changed significantly over the past 12 months.

In the year to November 2021, the national median property price jumped 22.2%, according to CoreLogic. But in the year to November 2022, prices fell 3.2%.

Some capital cities actually recorded price growth in the year to November 2022:

- **Adelaide** +13.4%
- **Darwin** = +5.5%
- **Perth** +3.9%
- **Brisbane** +3.3%

But prices declined in the other capitals:

- **Canberra** -1.3%
- **Hobart** -4.1%
- **Melbourne** -7.0%
- **Sydney** -10.6%

That said, every capital city's median price declined in the three months to November 2022, suggesting all markets are going backwards right now.

However, SQM Research believes most cities will return to growth mode in 2023.

SQM has provided four different forecasts, based on different scenarios around interest rates, inflation and unemployment. Under the 'base case' scenario, SQM has predicted the following price changes:

- **Sydney** +5% to +9%
- **Perth** +4% to +8%
- **Melbourne** +1% to +5%
- **Brisbane** +1% to +5%
- **Adelaide** 0% to +5%
- **Hobart** -1% to +3%
- **Canberra** -3% to +2%
- **Darwin** -5% to 0%

Thinking of buying next year? Let's talk.



We've just experienced the six biggest months in refinancing history

The latest data from the Australian Bureau of Statistics has revealed that enormous numbers of borrowers are refinancing their home loans.

Australians refinanced \$17.8 billion of mortgages in October – not far off the record \$18.6 billion of refinancing that occurred in August.

Indeed, the past six months have been the six biggest months in refinancing history.

Part of the reason so many borrowers are refinancing right now is because many lenders charge lower interest rates to new borrowers than loyal customers, as shown by Reserve Bank data.

In October, owner-occupiers who took out new variable loans were charged, on average, 0.51 percentage points less than owner-occupiers with existing loans.

Refinancing to a comparable lower-rate loan could potentially save you tens of thousands of dollars over the life of your loan. I'd be happy to explain the pros and cons of refinancing, and to crunch the numbers to see how much you might be able to save by switching loans.

Reach out if you want to refinance



Most borrowers favouring lower-rate variable loans right now

Very few borrowers are currently fixing their home loans – unlike a year earlier when about half of borrowers were doing so.

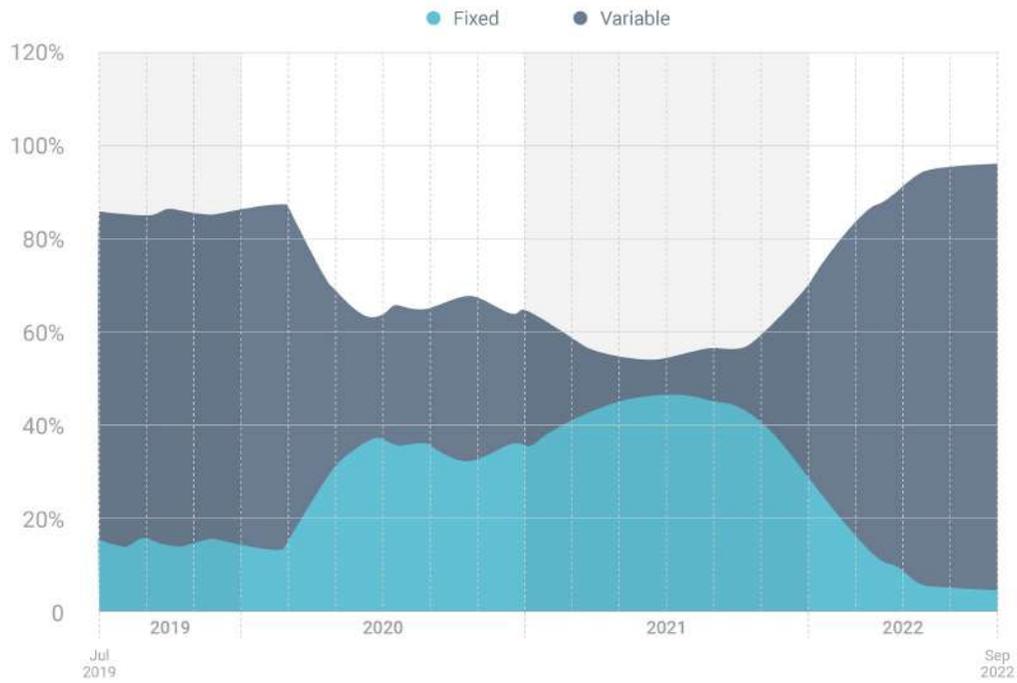
In October 2022, the most recent month for which we have data, only 4% of borrowers fixed their loans (both new loans and refinances), according to the Australian Bureau of Statistics.

By contrast, 44% of borrowers fixed in October 2021 and 46% in August 2021 (when fixing peaked).

While the Reserve Bank only started increasing the cash rate in May 2022, lenders knew it was coming, so they'd already started raising interest rates on their fixed-rate loans. In response, borrowers had begun shifting towards lower-rate variable loans.

This is confirmed by Reserve Bank data on new owner-occupied loans.

Value of new loans: fixed vs variable



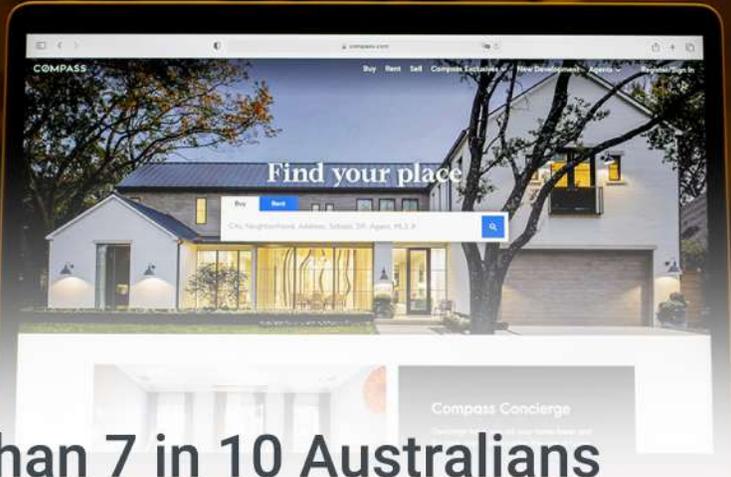
Source: RateCity.com.au, ABS Lending

In October 2021, the average interest rate on a new fixed loan (with a fixed period of three years or less) was 0.63 percentage points lower than a new variable loan.

By February 2022, new fixed loans had become 0.09 percentage points dearer; by May they'd become 0.70 percentage points dearer.

That has since declined – by October, they were only 0.30 percentage points dearer.

Compare fixed and variable interest rates



More than 7 in 10 Australians now using a broker

An ever-growing majority of consumers are taking out home loans via mortgage brokers, rather than going direct-to-lender.

Between July and September 2022, mortgage brokers facilitated 71.7% of all new residential home loans – a record share – according to research group Comparator.

That compared to 66.9% the year before and 60.1% the year before that.

Quarterly survey of leading mortgage brokers and aggregators Jul - Sep 2022

More than seven out of 10 mortgages are written by mortgage brokers



Source: MFAA

Anja Pannek, the chief executive of the Mortgage & Finance Association of Australia, which commissioned the research, said the result highlighted the trust and confidence that consumers have in mortgage brokers.

"With a backdrop of a rising interest rate environment, and with many borrowers reverting from fixed to variable rates in 2023, mortgage brokers are also well placed to support their clients to understand their options and select the product best suited to them," she said.

"This may include negotiating a more competitive rate with their client's current lender or refinancing to a different product that is in their best interests."

I've loved bringing you the news throughout 2022. If you or your family need any help before the break or in the new year, feel free to call or email.

[Book a Free Appointment](#)

Kind Regards,
Daniel O'Brien
1300 368 917



Disclaimer:

The information provided above is on the understanding that it is for illustrative and discussion purposes only. Any party seeking to rely on its content or otherwise should make their own enquiries and research to ensure its relevance to your specific personal and business requirements and circumstances.

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