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MEDIA RELEASE

## New Home Lending Yet To Fire, Says HIA

Housing finance figures for November 2011 reveal a new home building sector that remains soft amidst signs of recovery in the established market, said the Housing Industry Association, the voice of Australia's residential building industry.

"There is a modest revival underway in the established lending market which now extends to five rises in six months," said HIA Chief Economist, Dr Harley Dale.

"New home lending has yet to join the ride," said Harley Dale. "The combined number of loans for construction/purchase of a new dwelling was effectively flat in November 2011 (up 0.3 per cent) to be down by 8 per cent when compared to the same month in 2010," said Harley Dale.

"The second half of 2011 saw a renewed trend decline in new home lending, a concerning situation which further highlights the risk of new housing starts approaching GFC-like levels once more," Harley Dale said.

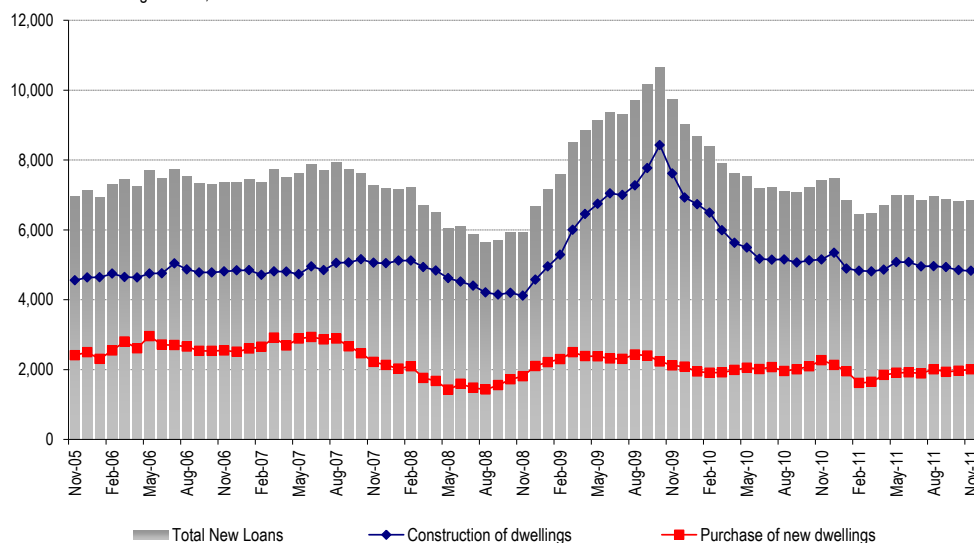
"The continuing recovery in the aggregate number of loans for first time buyers, and to a lesser extent trade-up buyers, is encouraging and is being driven by the established market," said Harley Dale. "Over the three months to November 2011 the total number of first home buyer loans was 19 per cent higher when compared to the same period in 2010, while loans for trade-up buyers rose by 2.4 per cent."

"However, a sustained recovery in new housing, including investment in new rental stock, won't occur without the combination of interest rate cuts, short term government stimulus, and longer term policy reform," added Harley Dale.

In November 2011 the seasonally adjusted number of loans for new housing (construction and purchase of new) increased by 5.6 per cent in New South Wales, 8.4 per cent in Queensland, 13.4 per cent in South Australia, 20.9 per cent in the Northern Territory, and 17.5 per cent in the Australian Capital Territory. The number of loans for new housing fell by 8.5 per cent in Victoria, 3.3 per cent in Western Australia, and 8.9 per cent in Tasmania. Over the three months to November 2011 lending for new housing was down in all states and territories except for Tasmania, WA, and Queensland.

AUST New Home Lending - Number of Loans

Source: ABS Housing Finance; HIA



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