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FOR IMMEDIATE RELEASE

12 December, 2011

MEDIA RELEASE

Mixed Home Lending Bag in October

Housing finance figures for October 2011 presented a mixed bag of results, but there is a clear need for policy reforms on the new home building front, said the Housing Industry Association, the voice of Australia's residential building industry.

"The update for October 2011 showed a weaker result for new home lending for both owner occupiers and investors, together with further modest improvement in aggregate lending for first time and trade-up owner occupiers," said HIA Chief Economist, Harley Dale.

"New home lending appears to have largely flattened out through 2011, but at levels below the decade average," said Harley Dale.

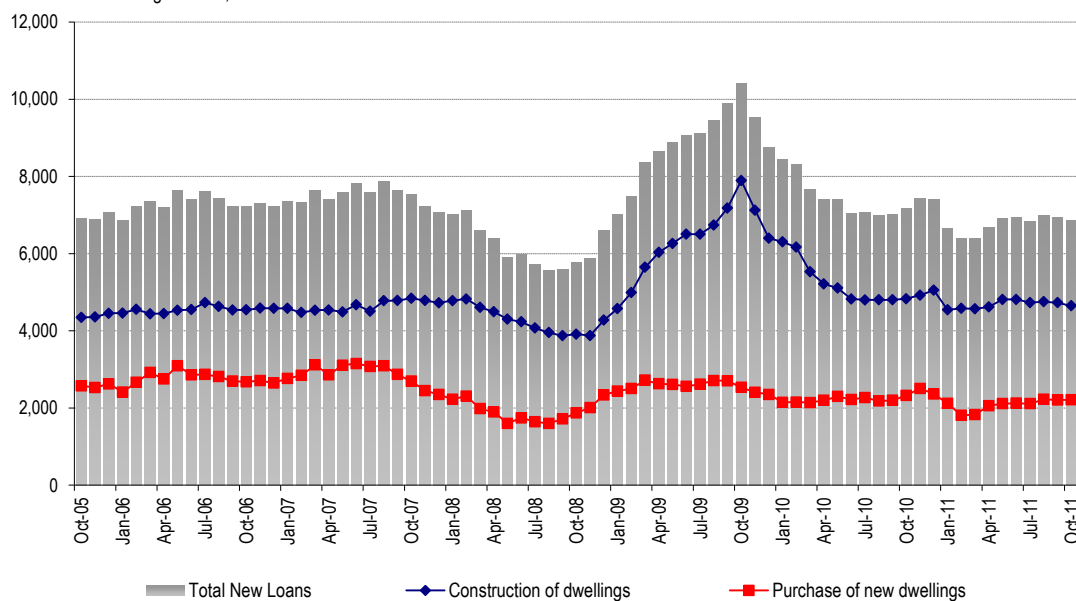
The number of loans for construction fell by 1.8 per cent in October 2011 while loans for the purchase of a new dwelling were flat. The value of loans for investment in new residential dwellings slumped by 26 per cent in October and the moving annual value is languishing at levels over 20 per cent down on pre-GFC peaks.

"It is clear that over the foreseeable future Australia will fall well short of building the number of new homes required for both owner-occupiers and renters. Amidst the growing risks to our economy from the situation in Europe, now is the time to be providing stimulus to the new home building sector while at the same time re-invigorating the housing supply reform process which currently lies dormant," Harley Dale said.

"It is encouraging to witness an improving trend in the total number of loans for both first time and trade-up buyers, albeit from less than spectacular starting points. Recent interest rate cuts should help that recovery momentum," added Harley Dale.

AUST New Home Lending - Number of Loans

Source: ABS Housing Finance; HIA



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