

Home Lending Supports Building Recovery

Total housing loans increased for a seventh straight month in April 2009 said the Housing Industry Association, Australia's largest building industry organisation.

HIA Chief Economist, Dr Harley Dale, said that the number of loans for new dwellings had risen for eight consecutive months and pointed to a modest recovery emerging for residential construction.

"New home lending figures together with a range of other housing indicators point to a rise in the number of new housing starts from the June 2009 quarter," said Harley Dale.

"HIA is forecasting a 15 per cent increase in housing starts by the December quarter this year following a trough reached in the March quarter and new dwelling investment is forecast to make a positive contribution to Australia's economic growth in the 2009/10 financial year," Harley Dale said.

The total number of seasonally adjusted loans for owner occupiers increased by 0.9 per cent in the month of April 2009 to a level 9.1 per cent higher than in April last year. There was a 1.3 per cent increase in loans for construction while lending for established dwellings (net of refinancing) was up by 1.1 per cent. The number of loans for the purchase of new dwellings eased by 0.5 per cent in April but was up by 38 per cent on the corresponding month in 2008.

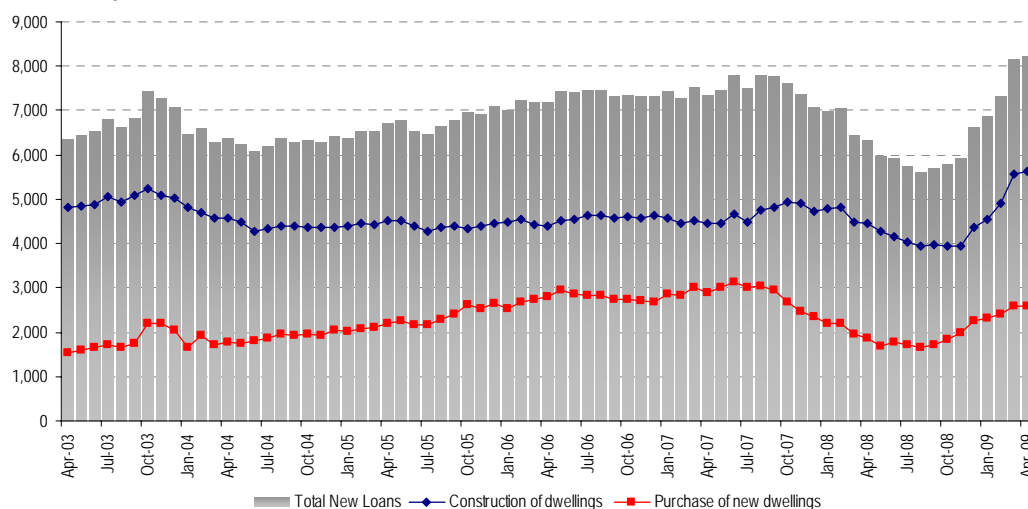
"First home buyer activity continues to be a key feature of the strength in housing finance with the number of loans for first home buyers up by 70 per cent in April compared to a year earlier," Harley Dale said.

"On the investment front lending figures for the construction of new rental dwellings continue to head in the wrong direction suggesting a number of investors are still sitting on the sidelines," Harley Dale added.

In seasonally adjusted terms the total number of owner occupier loans in April 2009 increased in New South Wales (+3.4 per cent), Western Australia (+3 per cent), and the Northern Territory (+3.6 per cent). Loans were steady in Victoria and the Australian Capital Territory but fell in Queensland (-0.1 per cent), South Australia (-1.1 per cent), and Tasmania (-10.1 per cent). The number of loans was up significantly in all states and territories over the three months to April 2009.

AUST New Home Lending - Number of Loans

Source: ABS Housing Finance



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