

New Home Lending Remains Solid in August

The level of new home lending remained healthy in August 2009 said the Housing Industry Association, Australia's largest building industry organisation.

HIA Senior Economist, Mr Ben Phillips, said that loans for the construction of new homes and the purchase of new homes grew 4.7 per cent following a slight fall in July. New housing loans have now increased in 11 out of the last 12 months.

"Construction lending increased by 9 per cent over the three months to August 2009 and is up by 60 per cent compared to the same months in 2008, clearly signalling the potential for a strong recovery in new home building," said Ben Phillips.

"The concern is that supply is getting bogged down in the approvals process and the RBA's interest rate increase will hit demand," Ben Phillips said.

The total number of seasonally adjusted loans for owner occupiers (net of refinancing) grew by 1.3 per cent in the month of August 2009 but was up by 39.1 per cent compared to August 2008. The number of loans for construction grew by 4.6 per cent over the month. The number of loans for the purchase of new dwellings grew by 4.9 per cent over the month.

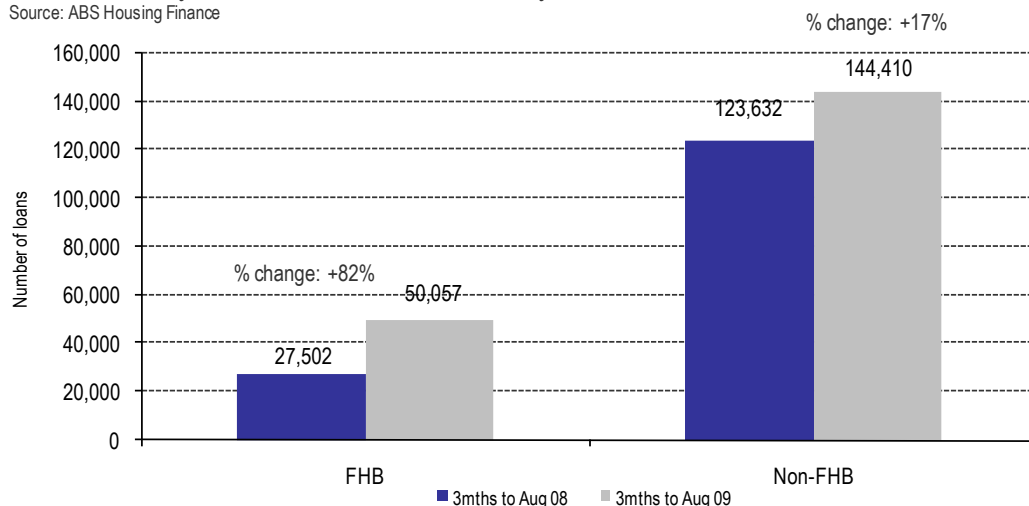
"Owner Occupier loans to both first time buyers and non-first time buyers are higher over the three months to August 2009 compared to the same period last year. First home buyers are leading the way still but momentum is waning so it is encouraging to see a lift outside this market, something that was lacking earlier in the year," Ben Phillips said.

"The interest in new home building from trade-up buyers was growing in August and this trend, along with a recovery in new investment, needs to continue to ensure a sustainable and broad-based recovery for residential construction. With the RBA now increasing interest rates the sustainability of any recovery must now be questioned," said Ben Phillips.

In seasonally adjusted terms the total number of owner occupier loans in August 2009 fell in New South Wales (-4 per cent), Queensland (-0.5 per cent), Western Australia (-4.5 per cent), Tasmania (-3.8 per cent), and the Northern Territory (-8.2 per cent). The total number of loans increased by 0.1 per cent in Victoria, and was up by 1.2 per cent in South Australia and 16.2 per cent in the Australian Capital Territory.

First Home Buyer versus Non-First Home Buyer Loans

Source: ABS Housing Finance



For further information:

Ben Phillips, HIA Senior Economist

0424 147 321