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## Rate Cuts To Arrest Home Lending Freefall

HIA, Australia's largest building industry association, said that further reductions in interest rates should put a floor under the very weak home lending figures evident for 2008 to date.

HIA Chief Economist, Harley Dale said that lower interest rates over the next 12 months will provide hope for both current mortgage holders and aspiring first home buyers looking to enter the housing market.

"There has been a substantial weakening in home lending for both new homes and established dwellings over the last 12 months. In August 2008 the total number of loans for owner occupiers dropped below the 50,000 mark for the first time since April 2001," Harley Dale said.

"We would hope that an on-going easing in monetary policy conditions would see the sharp downward trend in housing finance level out by late 2008/early 2009," added Mr Dale.

Housing finance figures released today for the month of August 2008 show an overall decline in owner occupier loans of 2.2 per cent to 48,903. Loans for construction fell by 4 per cent while loans for the purchase of a new home dropped by 6 per cent. Loans for established dwellings, net of refinancing, fell by 1.5 per cent in August.

The number of home loans was down in seven out of eight states and territories over the month of August, the second consecutive month this has occurred. The total number of loans fell by 4.7 per cent in Tasmania and was down by 4.1 per cent in the Northern Territory, 1.8 per cent in Queensland, 4 per cent in Queensland, 2.3 per cent in Victoria and South Australia, 1.8 per cent in New South Wales, and 1.7 per cent in Western Australia. The number of loans increased by 1.9 per cent in the Australian Capital Territory.

### Housing Finance for Owner Occupiers

Source: ABS 5609



#### Further Information

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