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LENDING FIGURES CONFIRM SOFT YEAR FOR HOUSING

The latest update on housing finance confirms that 2007 will be a subdued year for the housing industry.

Figures released today show that housing finance for owner occupiers increased in value by only 1.1 per cent to \$13.9 billion in December, with the trend remaining down. The number of loans was effectively flat for the month, inching up by 0.1 per cent to a level of 61,597.

Australia's peak housing body, HIA, said that both the value and number of loans trended down throughout the August – December period last year.

HIA's Chief Economist, Mr Harley Dale, said that all leading housing indicators clearly pointed to a slow year ahead for new residential building.

"We are currently building considerably fewer homes than is required and the further knock that housing affordability took last year means it is going to take time for construction levels to recover," Mr Dale said.

"That is the clear message indicators such as housing finance are presently providing," Mr Dale added.

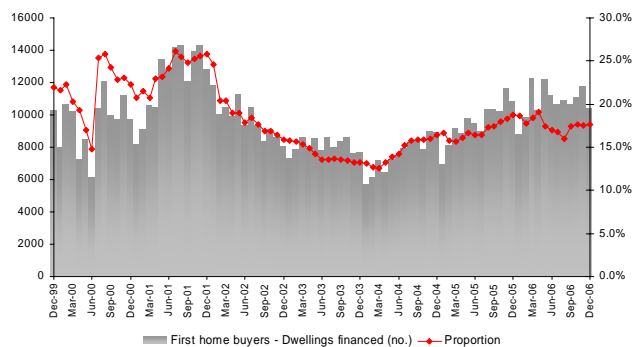
"Interest rates should remain on hold throughout 2007 and that will be a positive for the housing industry."

"However, we learnt only a few years ago that a period of stable interest rates is not sufficient on its own to address low levels of housing affordability," Mr Dale added.

"The proportion of first home buyers improved slightly at the end of last year, but continued to languish at less than 18 per cent of total loans, a situation that prevailed for well over half of 2006."

On a state by state basis, the total number of seasonally adjusted owner occupied housing commitments increased in five out of eight states and territories. The number of loans increased by 4.5 per cent in Western Australia and was up by 3.8 per cent in the Northern Territory, 3.2 per cent in Queensland, 1.2 per cent in Tasmania, and 0.5 per cent in Victoria. The largest fall was in the Australian Capital Territory, down 4.5 per cent, followed by New South Wales, down 3.3 per cent, and South Australia, down 0.2 per cent.

First Home Buyers in Australia



Further Information

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