

11 February 2008

FLAT END TO 2007 FOR NEW HOME LENDING

Home lending for owner occupiers was effectively flat in December last year, dragged down by a further weakening in lending to build and purchase new homes.

The total number of loans for owner occupiers rose by 0.1 per cent in December. Loans for established dwellings increased by 0.5 per cent, although taking out the increased refinancing activity the number was actually down by 2 per cent. Loans for the purchase of new dwellings fell by 3.8 per cent, the sixth consecutive fall. Loans for the construction of new dwellings fell by 2.1 per cent following a 1.2 per cent decline in November.

Australia's peak housing body, HIA, said that indicators for new home building in both the owner occupier and rental markets remained weak through 2007.

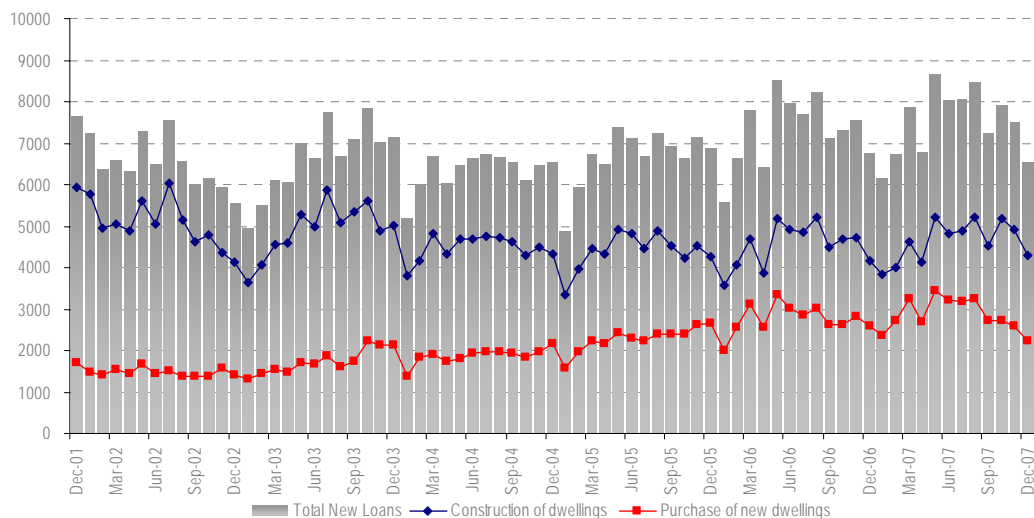
HIA's Chief Economist, Mr Harley Dale, said over the entire year loans for constructing owner occupied dwellings managed only a 1.8 per cent gain while lending to build new rental stock fell for the third consecutive year, down by 2.9 per cent.

"Housing finance and a range of other leading indicators suggest a further short term widening in the gap between housing supply and demand, a situation that will be aggravated by higher interest rates," Mr Dale said.

"There are, however, Federal policies on the table to boost the supply of affordable housing. The prompt implementation of these policies would provide an important platform for relieving the pressure from tightening rental markets and rapidly growing established house prices," Mr Dale said.

On a state by state basis, the total number of seasonally adjusted loans fell by 5.6 per cent in Tasmania and was down by 3.6 per cent in the Northern Territory, 3 per cent in Western Australia, and 1.8 per cent in Queensland. The number of loans increased by 4.4 per cent in South Australia, and was up by 0.7 per cent in each of Victoria and the Australian Capital Territory. The number of loans was steady in New South Wales.

AUST New Home Lending - Number of Loans



Further Information

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