

New Home Lending On the Up

Housing loans increased for the fifth consecutive month in February 2009 thanks to a rise in lending for new dwellings, said the Housing Industry Association, Australia's largest building industry association.

HIA Chief Economist, Dr Harley Dale, said that for the month of February the total number of loans increased by 0.4 per cent as a result of a 2.6 per cent rise in loans for construction and a 4.2 per cent lift in loans for the purchase of new dwellings.

"New home lending has been trending higher since October last year, driven by the tripling of the First Home Owners Grant for new dwellings and the large reduction in variable mortgage rates," Harley Dale said.

"First home buyers continue to be a major component of the recovery in housing finance with the number of FHB loans over the three months to February up by 27 per cent compared to the three months to February 2008," Harley Dale said.

While first home buyers and, to an extent, trade-up owner occupiers are signalling a modest improvement in new home building activity, the investor market continues to languish.

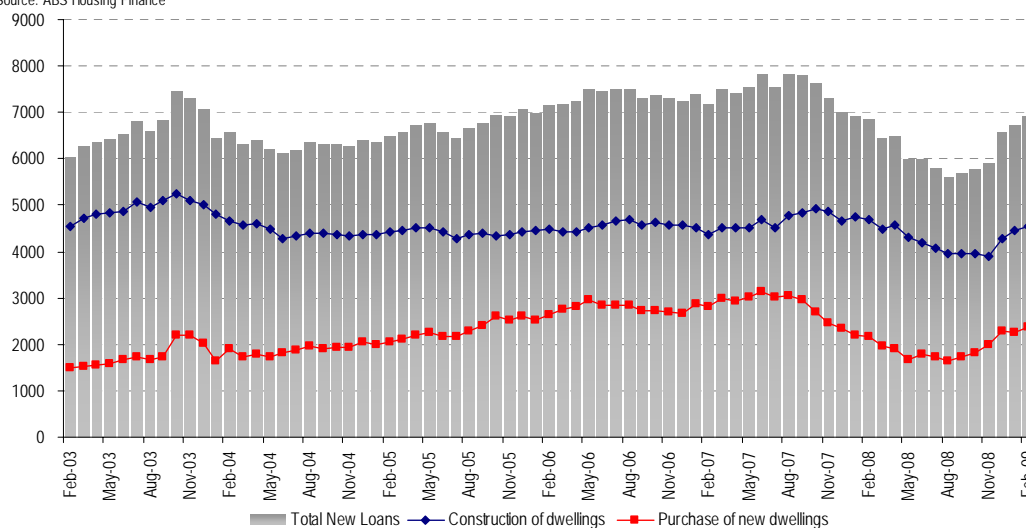
"Lending for investment in new residential construction dived by 12 per cent in February to be down by 49 per cent on a year ago, sending a negative signal of very tight rental market conditions persisting throughout 2009," Harley Dale said.

"It is vital to consider stimulus to the residential investment market to boost dwelling supply which would alleviate the immense budgetary pressure faced by lower income rental households," added Harley Dale.

In seasonally adjusted terms the number of loans for existing and new dwellings by state increased by: 3.3 per cent in New South Wales; 0.5 per cent in Victoria; 1.9 per cent in Tasmania; and 12.4 per cent in the Australian Capital Territory. The number of loans fell by: 3 per cent in Queensland; 0.4 per cent in each of South Australia and Western Australia; and 3.1 per cent in the Northern Territory.

AUST New Home Lending - Number of Loans

Source: ABS Housing Finance



For further information:

Harley Dale 0414 994 186

Ben Phillips 0424 147 321