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HOME LENDING FIGURES HIGHLIGHT NEED FOR URGENT ACTION

Home lending figures got off to a weak start in 2007 with the January update for Housing Finance pointing to a sustained recovery in new housing still being some way off.

Figures released today show that the number of loans for owner occupiers increased by only 0.3 per cent to 61,969 in January, with a downward trend remaining in place. Meanwhile lending for construction of properties for investment purposes fell by 28.7 per cent in January, giving up nearly all the gain made at the end of last year.

Australia's peak housing body, HIA, said that the housing finance update, like building approvals, suggested a firm recovery in new housing was yet to emerge.

HIA's Chief Economist, Mr Harley Dale, said that the boost to housing activity indicated by the national accounts last week was welcome news, but reflected a recovery underway in renovations rather than new construction.

"Housing affordability is very low and new investment in rental properties is not, as yet, recovering," Mr Dale said.

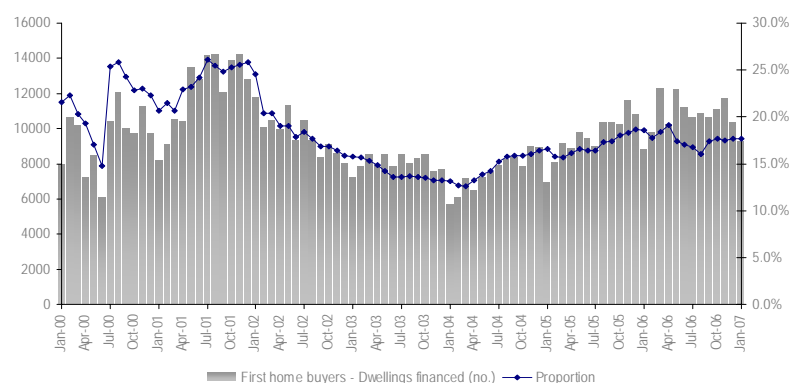
"The number of first home buyer loans fell below the 10,000 mark for the first time in nearly a year in January, while investment in new housing for the rental market was 18 per cent lower than at the start of last year," Mr Dale added.

"Clearly the time for policy action to address the increasing number of Australians struggling with tough housing conditions is here and now."

Research recently conducted by the National Centre for Social and Economic Modelling, and by HIA, showed more than 500,000 Australian households currently under housing stress in the face of tight rental markets and record low housing affordability.

On a state by state basis, the total number of seasonally adjusted owner occupied housing commitments increased in three out of eight states and territories. The number of loans increased by 2.5 per cent in New South Wales and was up by 1.4 per cent in South Australia and 1.2 per cent in Victoria. The number of loans fell by 3.9 per cent in the Northern Territory, and was down by 2.5 per cent in the Australian Capital Territory, 3.1 per cent in Western Australia, 1 per cent in Tasmania, and 0.4 per cent in Queensland.

First Home Buyers in Australia



Further Information

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