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INTEREST RATES BITES INTO NEW HOME LENDING

Home lending figures for the purchase of new dwellings for January 2008 were down 4.9 per cent on the previous period, a fall for the seventh consecutive period. Total finance for the number of owner occupied dwellings also remained flat for the period reflecting market concerns of interest rate rates.

The total number of loans for owner occupiers rose by 0.1 per cent in January. Loans for established dwellings (excluding refinancing) increased by 0.9 per cent. Refinancing for established housing was up 0.7 per cent as home owners sought to avoid further rate rises.

HIA's Chief Executive Policy, Mr Chris Lamont, said rate rises had stifled new building activity and would almost certainly inflict further pain on those already struggling to meet rent payments.

"The cost of credit is now really biting on housing costs reflected in the CPI housing group. With little sign of relief there is a need to look at short-term measures to assist families and households with price and cost of living pressures," said Chris Lamont.

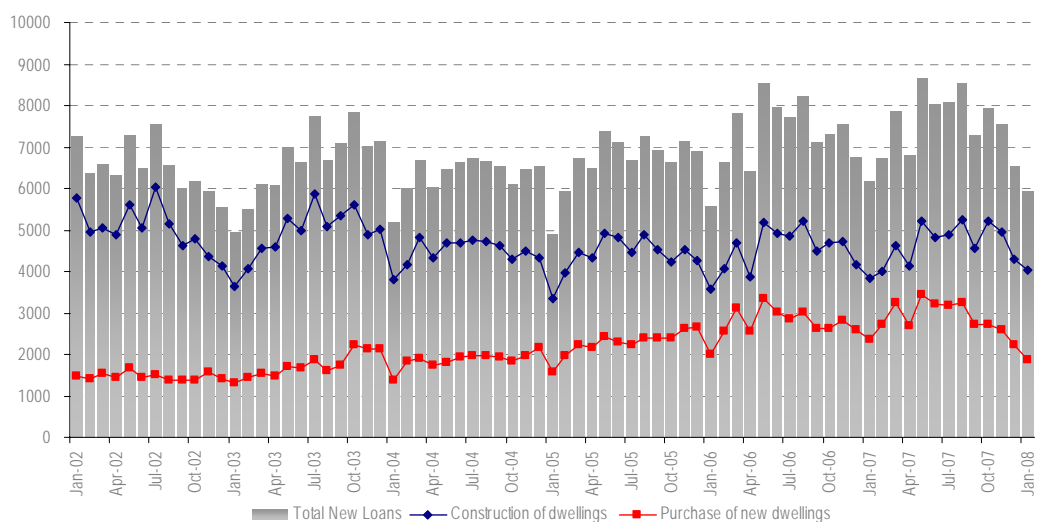
HIA last week launched a Five Point Plan to Combat Household Debt with the ACTU, Australian Financial Counselling and Credit Reform Association, St Vincent de Paul Society, Consumers' Federation of Australia, Mission Australia, National Shelter and Public Interest Advocacy Centre.

HIA is concerned that while the value of finance appears to have increased in January the total volume of activity remains flat. With underlying demand racing ahead of supply this is a significant concern.

"Recent rate rises underline the importance of policies aimed at reducing statutory charges and red tape costs associated with new housing. Underlying demand continues to surge ahead of supply and this means more bad news for aspiring home buyers and those struggling to meet rent payments," Mr Lamont said.

On a state by state basis, the number of loans for new dwellings were down by 27.7 per cent in Tasmania compared to January 2007. Loans were also down by 6.8 per cent for Western Australia, 5.9 per cent in Queensland, 2.7 per cent in South Australia, 2.3 per cent in New South Wales and 1.6 per cent in Victoria. The number of loans increased by 7.5 per cent in the Northern Territory and was up by 10 per cent in each of the Australian Capital Territory.

AUST New Home Lending - Number of Loans



Further Information

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