

Home Lending Lifts Further in January

Housing loans increased for the fourth consecutive month in January 2009, driven by the on-going surge in first home buyer loans.

HIA Senior Economist, Ben Phillips, said that for the month of January total loans increased by 3.5 per cent on December last year, but that still left the number of loans down by 16 per cent compared to January 2008.

Loans for construction rose by 2.5 per cent but loans for the purchase of new dwellings eased by 1.4 per cent following four consecutive rises. Lending for established dwellings, net of refinancing, was up by 5.6 per cent, the fifth straight rise.

"Lending for both construction and for established dwellings is still well down on where it was at the start of 2008, but amidst so many negative updates on the Australian economy of late it is encouraging to see owner occupier home lending trending higher," Mr Phillips said.

"First home buyers are still the key driver of the momentum in home lending and disguise the fact that we have a long way to go to see the trade-up buyer market back at healthy levels. Over the three months to January 2009 the number of first home buyer loans was up by over 11 per cent on the same period a year earlier, but non-first home buyer loans were down by 27 per cent," Mr Phillips said.

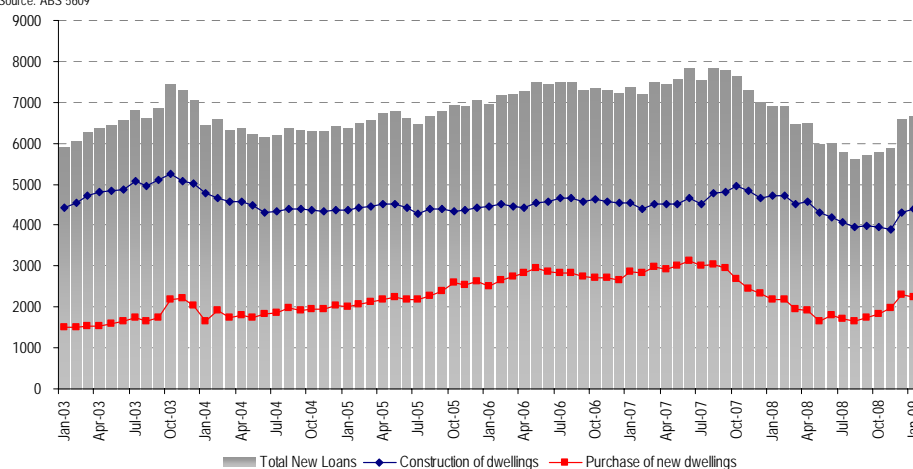
Residential investment is weakening at an alarming rate, both for new construction and existing property. Over the three months to January 2009 the value of lending for construction of new rental dwellings dropped by 46 per cent compared to the same period through to January 2008.

"The rapid decline in residential investment indicates a further tightening ahead in private rental market conditions and highlights the importance of stimulating new construction to avoid further pressure on the public and community housing sectors," added Ben Phillips.

In seasonally adjusted terms the number of loans for existing and new dwellings by state increased by: 2.4 per cent in Victoria; 5.3 per cent in Queensland; 6.4 per cent in South Australia; 4.2 per cent in Western Australia; 5.9 per cent in Tasmania; and 6.3 per cent in the Northern Territory. The number of loans fell by 0.4 per cent in New South Wales and by 7 per cent in the Australian Capital Territory (to a level that was still the second highest in 18 months).

AUST New Home Lending - Number of Loans

Source: ABS 5609



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