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## NEW HOME LENDING AT 5 ½ YEAR LOW

HIA, Australia's largest building industry association, said that home lending fell for the sixth consecutive month in July, highlighting the urgent need for further interest rate cuts.

HIA Chief Economist, Harley Dale said the number of loans for new homes was now at its lowest level since the end of 2002.

"The continued weakening in owner occupier loans and only a moderate turnaround in residential investment lending point to a deepening housing shortage and a continuation of very low rental vacancy rates over 2008/09," Harley Dale said.

"Even with further rate cuts this year we will be well into 2009 before new construction activity starts to recover. Without a decent dose of rate cuts that delay will extend into the second half of next year," said Mr Dale.

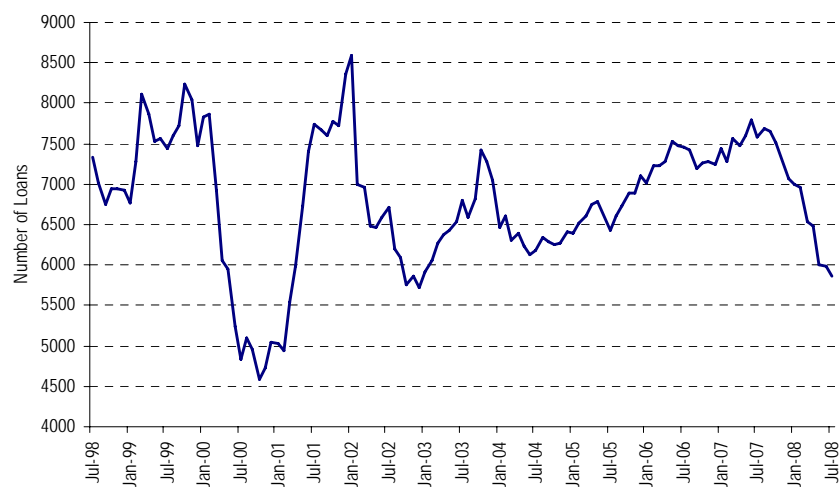
Housing finance figures released today for the month of July 2008 show an overall easing in owner occupier loans of 0.2 per cent to 50,279, the lowest level since November 2004. Loans for construction were down by 1.7 per cent, the lowest level since March 2001. Loans for the purchase of a new home fell by 3.1 per cent.

"Aspiring first home buyers were also continuing to struggle mid year in a climate that will be little changed by a single interest rate cut at the start of September," Harley Dale said.

The monthly number of first home buyer loans averaged 9,787 over the first seven months of 2008 compared to nearly 11,000 over the first seven months of last year.

The number of home loans was down in seven out of eight states and territories over the month of July. The total number of loans fell by 4.5 per cent in the Northern Territory and was down by 2.2 per cent in Victoria, 1.8 per cent in Queensland, 1.4 per cent in South Australia, 1.2 per cent in the Australian Capital Territory, 0.7 per cent in Tasmania, and 0.5 per cent in New South Wales. The number of loans increased by 2.3 per cent in Western Australia.

New Home Lending



### Further Information

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