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Housing Finance Drops Sharply in March

Housing finance for both owner occupiers and investors is continuing to buckle under the weight of higher borrowing costs and high property taxes and charges.

Housing finance figures released today for the month of March 2008 show a 6.1 per cent fall in loans to 59,371, the first sub 60,000 outcome since the beginning of 2006. Loans for construction fell by 4.6 per cent, loans for the purchase of a new home dropped by 11.5 per cent, and loans for established dwellings were off by 6 per cent. The value of lending for construction of new rental accommodation fell by 15.6 per cent.

HIA's Chief Economist, Harley Dale said that today's update pointed to a difficult year ahead for lower income households as rental markets tightened further and first home buyer affordability deteriorated.

"We have a chronic shortage of housing stock and updates such as we have seen today for housing finance tell us there is no short term turnaround in sight," said Mr Dale.

"The number of national housing initiatives on the table to boost the supply of affordable housing is an important source of optimism in what is a very challenging environment for the new home building sector," Mr Dale said.

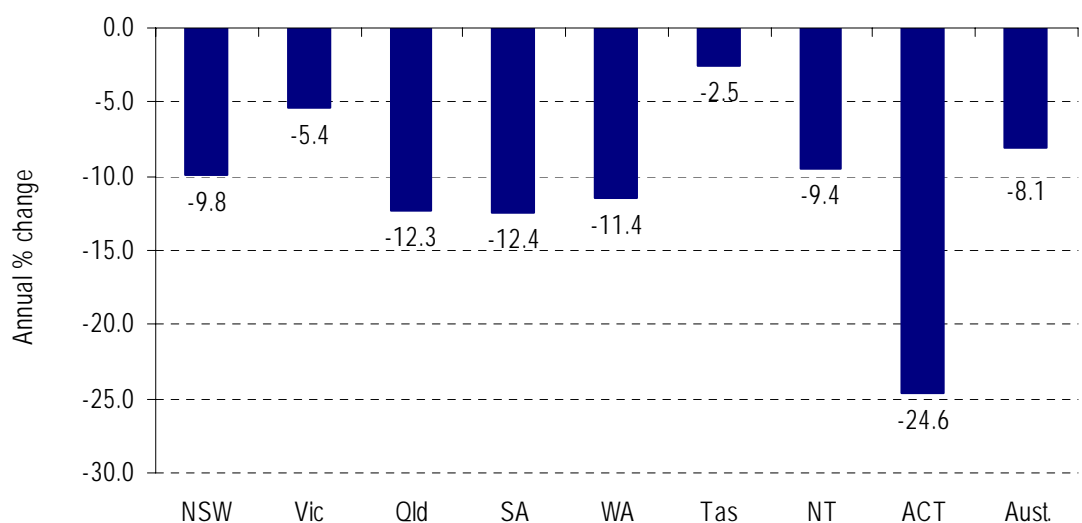
Over the March 2008 quarter the number of loans for new dwellings (for construction or purchase of new) was down in every state and territory around Australia.

"Weak housing indicators released in recent months highlight the urgency required in implementing government policies and serve as a timely reminder of the vital need for all levels of government to form a united front to address deteriorating levels of housing affordability," Mr Dale added.

On a state by state basis, the total number of loans in March fell everywhere except for Western Australia (flat) and the ACT. Compared to a year earlier, over the entire March quarter the number of loans for new dwellings dropped by 24.6 per cent in the ACT and was down by 12.4 per cent in South Australia, 12.3 per cent in Queensland, 11.4 per cent in Western Australia, 9.8 per cent in New South Wales, 9.4 per cent in the Northern Territory, 5.4 per cent in Victoria, and 2.5 per cent in Tasmania.

Number of Loans for Construction/New Purchase

March 2008 quarter



Further Information

Harley Dale, HIA Chief Economist on 0414 994 186