

Home Lending Proves Worth of First Home Owner Boost

Total housing loans increased for the sixth consecutive month in March 2009 helped by a seventh straight rise in lending for new dwellings, said the Housing Industry Association, Australia's largest building industry association.

HIA Chief Economist, Dr Harley Dale, said that the tripling of the First Home Owner Grant for new dwellings had clearly worked with new home lending increasing by 20 per cent in the March 2009 quarter.

"This result reinforces the importance of continuing the boost to the grant for new dwellings in the Federal Budget. The consequences of this policy have been more construction activity, jobs, and demand in the manufacturing and retail sectors in the first half of 2009 than would otherwise have been the case," said Harley Dale.

"This increase in new home lending in the March 2009 quarter was also evident across all states and territories," added Harley Dale.

The total number of loans for owner occupiers increased by 4.9 per cent in the month of March 2009 to a level 3 per cent higher than in March last year. This rise reflected an increase in the number of loans for construction (up 13.9 per cent), for the purchase of new dwellings (up 8.8 per cent), and for established dwellings (up 3.8 per cent).

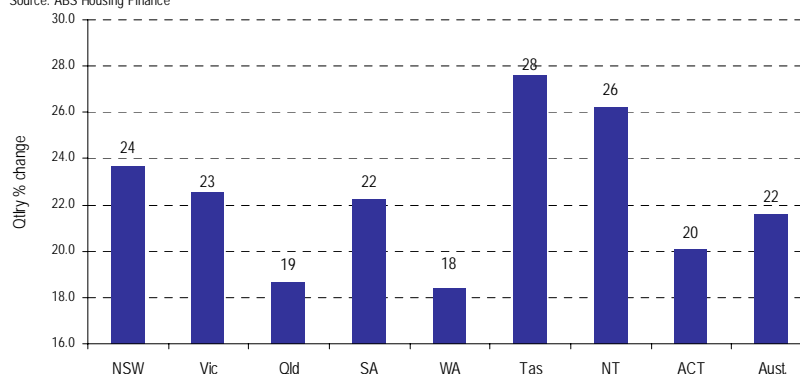
"The number of first home buyer loans grew strongly in the March 2009 quarter, up by 47 per cent on year ago levels. The number of non-first home buyer loans continued to decline, however, falling by over 16 per cent in the March quarter," Harley Dale said.

"Lending for investment in new residential construction trended down for the thirteenth consecutive month in March, which is bad news for already very tight rental markets," Harley Dale added.

In seasonally adjusted terms the number of loans for existing and new dwellings increased in every state and territory. The number of loans increased by 2.8 per cent in New South Wales and was up by 7.4 per cent in Victoria, 8.6 per cent in Queensland, 2.6 per cent in South Australia, 2 per cent in Western Australia, 1 per cent in Tasmania, 9.4 per cent in the Northern Territory, and 0.6 per cent in the Australian Capital Territory.

Number of Loans for Construction/New Purchase – March Qtr 2009

Source: ABS Housing Finance



For further information:

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