

Further Rent Squeeze Likely From Drop in Investment

Housing loans for new dwellings grew by 2.9 per cent in November (seasonally adjusted) over the previous month providing some hope of a more positive response to reductions in interest rates and the boost to the First Home Owners Grant.

HIA Chief Executive Association said that for the month of November first home buyer loans (new and established houses) increased by 17.8 per cent to 11,665 comprising 23.6 per cent of all home loans for the period.

The ABS has also confirmed loans for investment purposes on new homes dropped 7.4 per cent for the month, down 33 per cent over the last 12 months.

“The fall in investment loans for new housing provides some real concern for the state of the private rental market. Australia’s population is growing and unless we boost the supply of new homes we can expect even lower vacancy rates and further price pressures,” said Chris Lamont.

A lack of affordable rental housing could see the number of Australian households suffering from rental stress increase by a further 80,000 households over 2009.

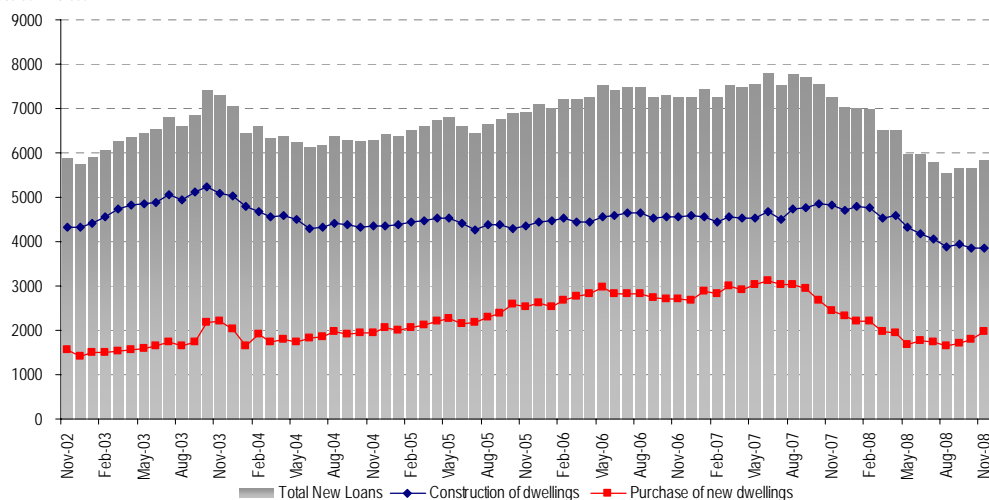
“Unless new measures are implemented to boost the supply of new housing in the private rental market, we are going to see more households struggling to afford rental accommodation. This is likely to mean an increase in demand for public housing and potentially a further increase in homelessness,” said Chris Lamont.

HIA has called on both the Federal and State Government’s to provide incentives to boost investment in affordable accommodation. Measures include doubling the depreciation allowance, incentives for investment in new energy efficient dwellings and an expanded National Rental Affordability Scheme.

The number of loans for existing and new dwellings by states were as follows, New South Wales increased by 5.8 per cent, Victoria dropped by 1.7 per cent, Queensland grew by 0.9 per cent, South Australia increased by 4.7 per cent, Western Australian dropped by 5.8 per cent, Tasmania grew by 6.6 per cent, Northern Territory dropped by 9.6 per cent while the ACT dropped by 13.8 per cent.

AUST New Home Lending - Number of Loans

Source: ABS 5609



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