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LACK-LUSTRE OCTOBER FOR HOME LENDING

Home lending looks weaker before the impact of the November interest rate rise is felt.

The total number of loans for owner occupiers eased by 0.7 per cent in October and was 1.1 per cent lower than a year earlier. Loans for the purchase of new dwellings fell by 9.4 per cent while loans for established dwellings were 0.6 per cent lower. Loans for construction were up by 2.6 per cent to a level of 4,838.

Over the three months to October the total number of loans fell by 3 per cent to be 0.9 per cent lower compared with the three months to October 2006.

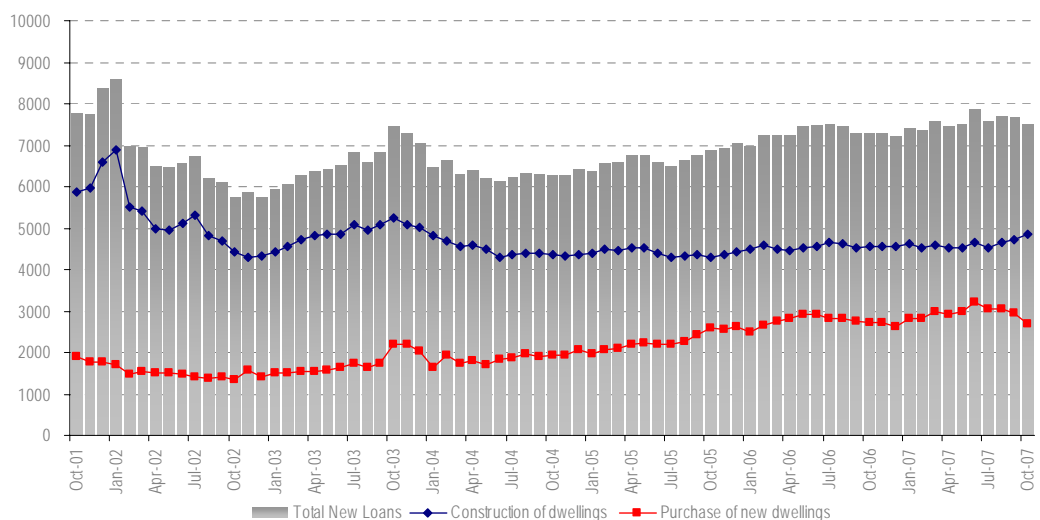
HIA's Chief Economist, Mr Harley Dale said that lending on the new home front had remained effectively flat over 2007 to date, highlighting the price pressures evident in both the existing housing market and rental markets.

"There has been no recovery in lending for the new owner occupier market over 2007 and despite a lift in the month of October, overall lending for new investment properties is still falling. This suggests no short term alleviation in the large gap between housing supply and demand even before the full impact of higher borrowing costs flows through," Mr Dale said.

"This situation will place further pressure on already very tight rental markets and reinforces the importance of the Federal Government's National Rental Affordability Scheme to increase the supply of new rental dwellings," Mr Dale said.

On a state by state basis, the total number of seasonally adjusted loans increased by 7.9 per cent in the Australian Capital Territory and was up by 4.5 per cent in Tasmania, 2.8 per cent in the Northern Territory, and 1.1 per cent in New South Wales. The number of loans fell by 3.2 per cent in Western Australia, 2.7 per cent in Queensland, 0.8 per cent in South Australia, and 0.4 per cent in Victoria.

AUST New Home Lending - Number of Loans



Further Information

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