

10 December 2008

Home Lending Posts First Rise Since January

HIA, Australia's largest building industry association, said that it was encouraging to see October mark the first rise in home lending since January, especially as the result pre-dates further interest rate cuts in November and December.

HIA Chief Economist, Harley Dale said that the total number of owner occupier loans increased by 1.3 per cent in October to 48,229.

"The number of loans was still 24 per cent down on October last year, a sign of just how weak the home lending market is. Nevertheless, amidst a constant barrage of negative updates on the economy we did get a rise, albeit a small one," Harley Dale said.

The number of loans for construction/purchase of new dwellings eased by 0.6 per cent in October with the construction component down further (-2 per cent) and the new purchase component up moderately (+3.5 per cent). Loans were down by 25 per cent on October 2007.

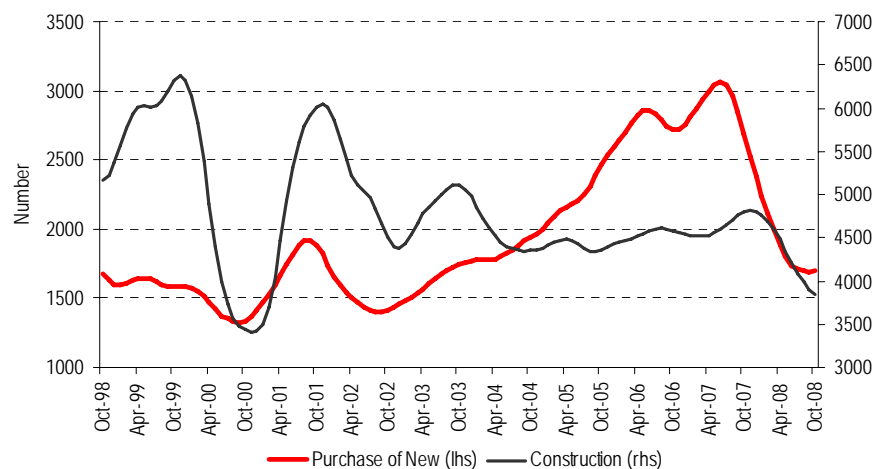
"As we receive further updates on the December 2008 quarter and March 2009 quarter it will be important to see clear evidence of an improvement in leading housing indicators like housing finance, new home sales, and building approvals. We saw a modest rise in two out of three of these in the month of October, but it is very early days," said Mr Dale.

"In original terms there was a lift in the number of first home buyer loans in October, but over the three months to October loans were still 20 per cent lower than over the three months to October last year," added Mr Dale.

Contrary to September results when the total number of seasonally adjusted loans fell almost everywhere around Australia, in October loans were only down in New South Wales (by 2.2 per cent). Loans increased by 18.7 per cent in the Northern Territory and were up by 8.8 per cent in the Australian Capital Territory, 5.1 per cent in Western Australia, 4.3 per cent in Tasmania, 2.6 per cent in Queensland, 2.1 per cent in Victoria, and 1.9 per cent in South Australia.

Trend in New Home Lending

Source: ABS 5609



Further Information

Harley Dale, 0414 994 186

Ben Phillips, 0424 147 321