

Lending Surge before Deadline on Home Grant

A last minute rush ahead of a cut to the First Home Owners' Boost, saw home lending commitments surge in September according to the Housing Industry Association, Australia's largest building industry organisation.

HIA Senior Economist, Mr Ben Phillips, said that loans for the construction of new homes and the purchase of new homes grew 5.5 per cent following a rise in August. New housing loans have now increased in 12 out of the last 13 months.

"The September quarter Construction lending increased by 66.9 per cent compared with levels 12 months ago thanks to the first home owners boost, record low interest rates and a resilient Australian Economy, clearly signalling the potential for a strong recovery in new home building," said Ben Phillips.

"The concern is that this good result will be blunted as post-September we are seeing higher interest rates and the first home buyer boost winding back," Ben Phillips said.

The total number of seasonally adjusted loans for owner occupiers (net of refinancing) grew by 6.2 per cent in the month of September 2009 but was up by 44.2 per cent compared to September 2008. The number of loans for construction grew by 5.5 per cent over the month. The number of loans for the purchase of new dwellings was down just 0.6 per cent over the month.

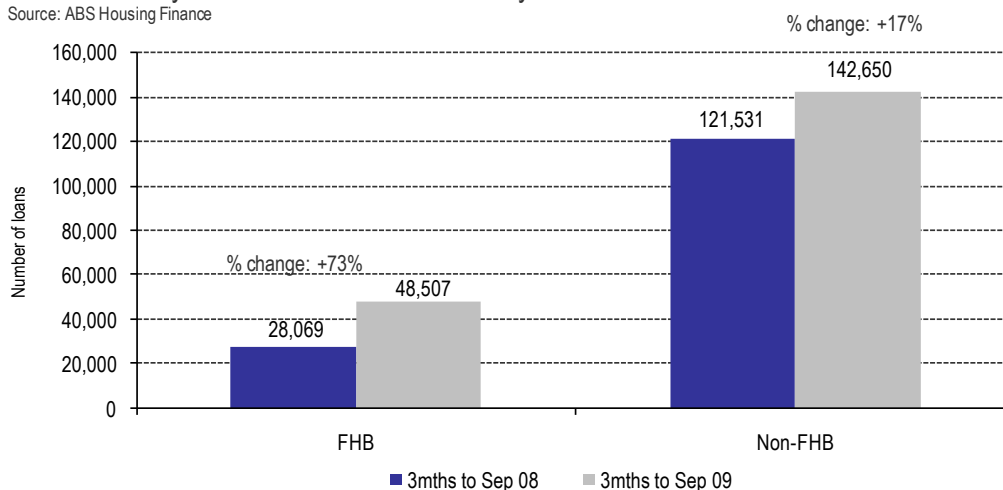
"First home buyer activity was stronger through September as first home buyers rushed in to beat the September 30 deadline for the maximum first home buyers boost. Trade-up buyer loans continue to improve. However, rental investment loans remained subdued, with a flat September result." Ben Phillips said.

"Higher interest rates, lower first home owner grants and unrelenting supply-side impediments to new home building provide a challenging environment for the much needed revival of the residential housing market as we move into 2010." said Ben Phillips.

In seasonally adjusted terms the total number of owner occupier loans in September 2009 grew in New South Wales (7 per cent), Queensland (1.2 per cent), Western Australia (14.4 per cent), Tasmania (3.8 per cent), South Australia (1.1 per cent), and Victoria (3.1 per cent). The total number of loans decreased by 0.4 per cent in the Northern Territory and by 0.2 per cent in the Australian Capital Territory.

First Home Buyer versus Non-First Home Buyer Loans

Source: ABS Housing Finance



For further information:

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