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## Home Lending Still Falling

HIA, Australia's largest building industry association, said that a further fall in home lending in September, the eighth consecutive decline, reinforced the importance of lower interest rates and fiscal stimulus in creating a floor under the residential sector in late 2008/early 2009.

HIA Chief Economist, Harley Dale said that total housing finance in September 2008 hit its lowest level since February 2001.

"The number of loans for construction/purchase of new dwellings has suffered savage falls through 2008 to date and clearly points to a weakening in new home building activity extending into 2009. Loans were down by 26 per cent on year ago levels in the September 2008 quarter," Harley Dale said.

"We are seeing large drops in interest rates and a fiscal stimulus from the First Home Owners Boost. It is hoped such measures are reflected in a stabilisation in new home lending over the course of the December 2008 quarter," said Mr Dale.

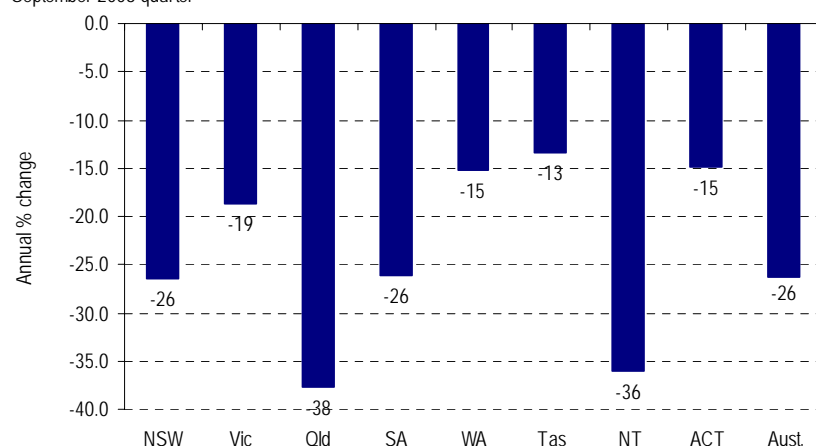
"A lack of action in addressing land release problems, infrastructure costs, and planning delays risks severely hampering the chances of a stabilisation and subsequent recovery in new residential construction in 2009," added Mr Dale.

Housing finance figures released today for the month of September 2008 show an overall decline in owner occupier loans of 2.7 per cent to 47,435. Loans for construction increased by 2 per cent but were down by 8.9 per cent over the September quarter. Loans for the purchase of a new home increased by 3.6 per cent but were down by 6.1 per cent over the quarter.

The total number of seasonally adjusted loans in September fell by 3.9 per cent in Western Australia and was down by 3.6 per cent in South Australia, 2.5 per cent in Victoria, 2.2 per cent in Tasmania, 2.1 per cent in New South Wales, and 0.9 per cent in the Australian Capital Territory. The number of loans increased by 0.4 per cent in Queensland and by 5.7 per cent in the Northern Territory.

Number of Loans for Construction/New Purchase

September 2008 quarter



### Further Information

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media release