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HOUSING FINANCE HOLDS STEADY INTO NEW YEAR

Total owner occupier loans held steady in January, not a bad outcome following the decent recovery seen in the second half of 2005. First home buyer numbers, however, dropped back and their proportion of the total remained low.

Housing Finance for January, released today, showed total lending practically steady at 58,702 loans compared to 58,719 loans last December.

Loans for established homes were flat and loans for construction posted a 1.6 per cent gain. Loans for the purchase of a new home declined by 3.3 per cent, but still remained well up on early 2005 levels.

Australia's peak housing body, Housing Industry Association (HIA), said that while the update was a solid one for established buyers, the first home buyer market remained a clear concern.

HIA's Chief Economist, Mr Harley Dale, said that the number of loans for first home buyers had slipped sharply, as always happened in January, but the number has fallen back to the average for the last fifteen years.

"While we have generally been seeing a modest recovery in the first home buyer market, it has been created by an environment of stable house prices and competitive interest rates," Mr Dale said.

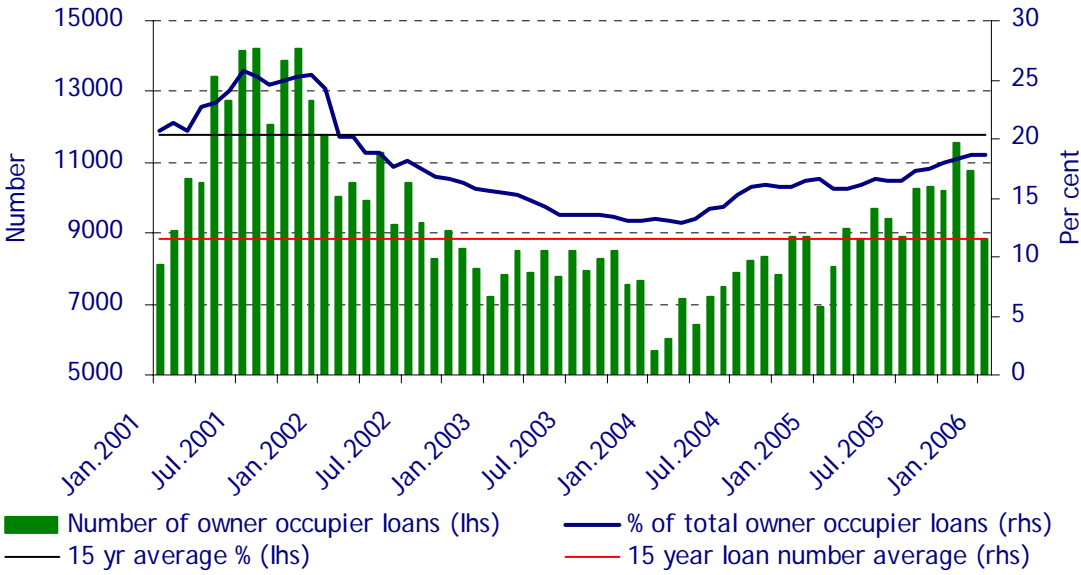
"We have been in this environment for some time and yet the sustainability of the recovery in first home buyer loans remains open to question and the proportion of first home buyers in the total market are still below the average for the last fifteen years," he said.

"That is a clear pointer to all governments around Australia that not enough has been done to reduce their self-imposed costs on housing," Mr Dale added.

Finance for residential investment increased by 1.5 per cent but remained 27 per cent off the late 2003 peak.

On a state-by-state basis, total owner occupier finance fell by 3.2 per cent in New South Wales and was down by 2.1 per cent in the Australian Capital Territory, by 1.6 per cent in Victoria, and by 0.9 per cent in the Northern Territory. Finance increased by 8.4 per cent in Tasmania, by 2.5 per cent in Western Australia, by 0.7 per cent in Queensland, and by 0.3 per cent in South Australia.

Number and Proportion of First Home Buyers



Further Information

Harley Dale, HIA Chief Economist on 0414 994 186