

HOUSING FINANCE HOLDING UP WELL

Total lending for owner occupier housing ticked up marginally in April, boosted by a large amount of loan refinancing.

Figures released today showed that a total of 56,227 home loans were issued over the month of April, up 0.6 per cent on March. The largest monthly jump in almost four years for the number of loans refinanced provided a significant boost. Net of refinancing the total number of loans was down by 1.8 per cent.

Loans for construction increased by 0.5 per cent to 4,554, to be only down by 3.6 per cent on a year earlier.

Australia's peak building industry body, HIA, said owner occupier housing finance levels were holding up well.

HIA's Senior Economist, Mr Harley Dale said that total loans for owner occupation were 10 per cent above the April 2004 level.

"There is still a significant amount of housing activity going on, just not the same amount as we have seen over the last three years or so," Mr Dale said.

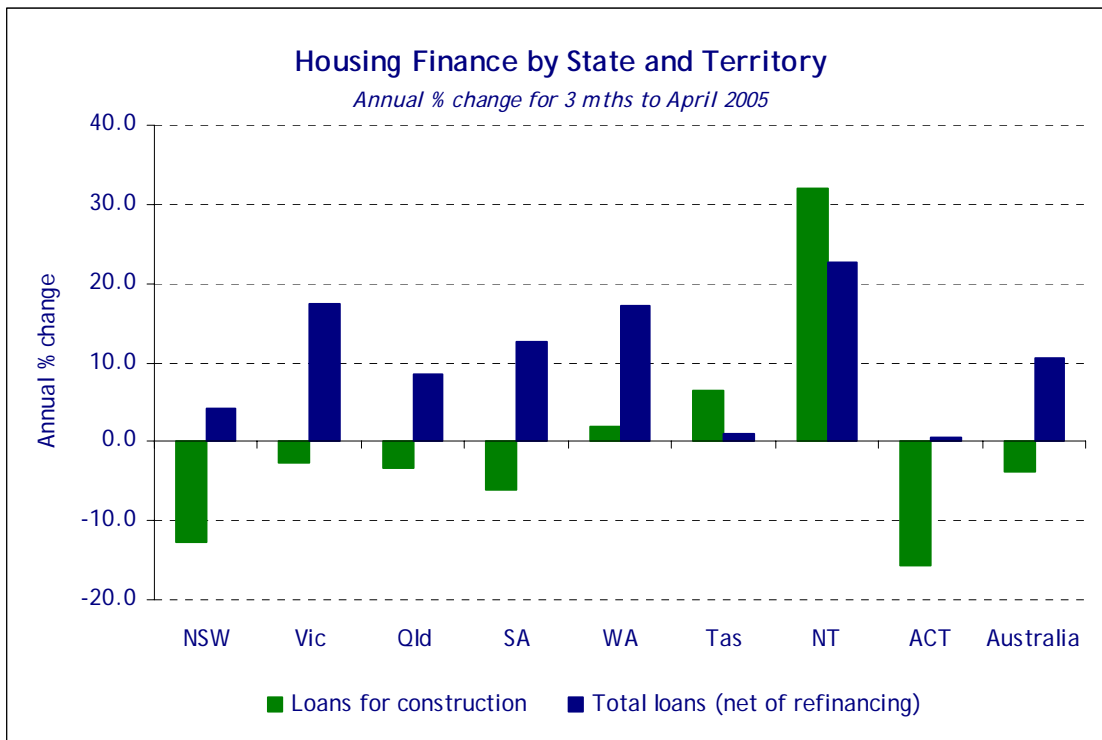
"If you look at loans for the purposes of construction, the level in the three months to April is lower than was the case last year, but not by much. This provides yet another indication that residential construction will slow, but not fall in a hole," Mr Dale added.

First home buyer numbers are showing some encouraging signs.

"The proportion of first home buyers increased to 16.1 per cent in April from 15.7 per cent in March. More significantly, the actual number of first home buyer loans has been above the average for the last fourteen years for two straight months," Mr Dale said.

"In what we certainly hope will be a stable interest rate environment for the rest of the year, first home buyer numbers will hopefully improve further, aided by relatively stable house prices. Nevertheless, that is no excuse for governments in Australia to drop the ball on the structural reform required to ensure improvement in these first home buyer numbers can be sustained," Mr Dale added.

Total owner occupier lending increased by 13 per cent in Tasmania and was up by 10 per cent in the Northern Territory, by 4.3 per cent in the Australian Capital Territory, by 1.7 per cent in South Australia, by 1.3 per cent in Victoria, and by 0.4 per cent in Queensland. Total lending fell by 1.8 per cent in both New South Wales and Western Australia.



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