

HOME LENDING TRACKS SIDeways IN JULY

The number of home loans for owner occupiers tracked sideways in July, maintaining what is a reasonably healthy level of house lending activity.

Figures released today from the Australian Bureau of Statistics show that 54,461 owner occupier housing loans were issued in July, up 0.2 per cent on the previous month. Loans for the construction of a new home fell by 3.4 per cent to 4,341 while loans for the purchase of a newly built home declined by 1.4 per cent to 2,164. Loans for established houses increased by 0.6 per cent to 47,956. The value of loans inched up by 0.3 per cent to \$11.7 billion.

Australia's peak building industry body, HIA, said that refinancing activity was partially responsible for the positive update.

HIA's Senior Economist Harley Dale said that without refinancing of loans, housing finance was actually down by 1.6 per cent in July.

"Despite a bit of a refinancing boost in July, monthly loan levels are still sitting at quite healthy levels," Mr Dale said.

"Only modest falls in loans for construction continue to support a moderate correction for new housing activity over 2005/06," Mr Dale added.

"The first home buyer story is, sadly, another kettle of fish entirely," Mr Dale said.

The number of first home buyer loans dropped by 5.2 per cent to 8,923 in July, following a 3 per cent fall in June. The proportion of first home buyers in the market held steady at 16.4 per cent.

"What was only a very moderate improvement to the first home buyer story in 2004/05 has totally stalled and updates on first home buyer affordability have been disappointing," Mr Dale said.

"The lack of sustained recovery in the first home buyer market is providing a stinging indictment of how we simply cannot rely solely on stable house prices and interest rates to get aspiring home owners into the housing market," Mr Dale added.

For the month of July, the total number of loans increased by 4.4 per cent in Western Australia. Increases were also recorded in Tasmania, up 2.2 per cent, the Australian Capital Territory, up 1.7 per cent, New South Wales, up 1.6 per cent, and South Australia, up 1.3 per cent. The number of loans was flat in the Northern Territory while loans fell by 1.3 per cent in Queensland and by 3.6 per cent in Victoria.

FURTHER INFORMATION:

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