

## Healthy June Quarter for Home Lending – HIA

Home lending ended the June quarter on a slightly softer note, but nevertheless remained at quite healthy levels.

Figures released today from the Australian Bureau of Statistics show that 54,436 housing loans were issued in June, down 0.9 per cent on the May level. Loans for the construction of a new home eased by 1.5 per cent to 4,545 while loans for the purchase of a newly built home declined by 1.6 per cent to 2,222. Loans for established houses were down by 0.9 per cent to 47,669.

Australia's peak building industry body, HIA, said that home lending figures had stabilised and were starting to recover some ground again in 2005.

HIA's Senior Economist Harley Dale said the June quarter overall was a marginally positive one for housing finance.

"Steady demand is continuing, supporting reasonable levels of residential building activity through the remainder of this year," Mr Dale said.

"Housing finance is yet another indicator which continues to point to a moderate correction for housing. In a stable interest rate environment and with a relatively positive outlook for the labour market, we certainly expect that situation to play out," Mr Dale added.

The improvement in first home buyers has, nevertheless, been disappointing.

"The proportion of first home buyer loans recovered through much of 2004 but subsequently the recovery has stalled. Clearly you cannot rely solely on the end of a house price cycle and increased certainty on interest rates to bring back the substantial number of budding first home owners who were priced out of the market," Mr Dale said.

"There is not a single capital city in this country with a rental vacancy rate over 3 per cent as people are forced to rent for longer. Further government initiatives are required to attack the plethora of fees, taxes, and charges which are standing in the way of a sustainable recovery in housing affordability taking place," Mr Dale added.

For the June quarter, the number of loans was up by 7.5 per cent in the Northern Territory and increased by 5.4 per cent in Victoria, by 2.5 per cent in Tasmania, by 2.4 per cent in Western Australia, and by 0.7 per cent in the Australian Capital Territory. The number of loans fell by 1.2 per cent in South Australia, by 1.6 per cent in New South Wales, and by 1.8 per cent in Queensland.

**FURTHER INFORMATION:**  
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### Proportion of First Home Buyers - Australia

