

HOUSING FINANCE POSTS NINTH STRAIGHT RISE

Total lending for owner occupier housing rose for the ninth consecutive month in March, although admittedly many of these increases have been very modest.

Figures released today showed that a total of 56,301 home loans were issued over the month, up 1.2 per cent on February. Loans for construction increased by 0.5 per cent to 4,536, but remained down by 1.5 per cent on March 2004.

Australia's peak building industry body, HIA, said owner occupied housing finance levels supported a derate pull-back in housing activity.

HIA's Senior Economist, Mr Harley Dale said that the number of loans for construction were lower in most parts of Australia.

"Loans for the purposes of construction were lower in the March quarter this year than last year, but not alarmingly so, providing further evidence of an on-going relatively mild correction to residential construction over this year and next," Mr Dale said.

"Provided the residential construction sector isn't required to endure another interest rise then this outlook should continue to hold. Otherwise, the waters may well become rather muddier," Mr Dale added.

The number of first home buyers entering the loan market improved in March.

"The actual number of first home buyer loans increased from 8,048 in February to 9,128 in March, although this rise did not prevent the proportion of first home buyers falling to 15.6 per cent, the lowest proportion since July last year," Mr Dale said.

"It remains a significant concern that in a situation where on-going structural reform to alleviate very low housing affordability is sorely needed, any monthly improvements in first home buyer numbers are going to be difficult to sustain", Mr Dale added.

Total owner occupier lending increased by 5.2 per cent in Western Australia and was up by 5 per cent in Victoria, by 2.9 per cent in South Australia, by 2.2 per cent in New South Wales, by 1.3 per cent in the Australian Capital Territory, and by 0.7 per cent in Queensland. Total lending fell by 8 per cent in Tasmania and by 5.5 per cent in the Northern Territory.

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Housing Finance by State

Annual % change March 2005 qtr

