

17 January, 2006

THREE GOOD MONTHS FOR HOME LENDING

The slow but steady recovery in home lending has continued through to the end of 2005.

Monthly home lending figures out today show that after two very good months, home lending in November posted yet another strong result, up 0.4 per cent to 58,713 loans for the month. For the all important new home building industry, today's figures held further promise with 6,852 loans being issued either for the construction of a home or for the purchase of a newly built home.

Australia's peak housing body, Housing Industry Association (HIA), said that today's numbers coupled with some early signs of a housing affordability recovery suggest that 2006 will be a better year for the nation's builders and real estate agents.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that these stronger numbers will feed into new home demand throughout the first half of 2006 and provide a modest boost to the economy that may face some pressure throughout the year.

"There is little doubt that 2005 will go down as one in which the housing market defied the doomsayers," Mr Tennent said.

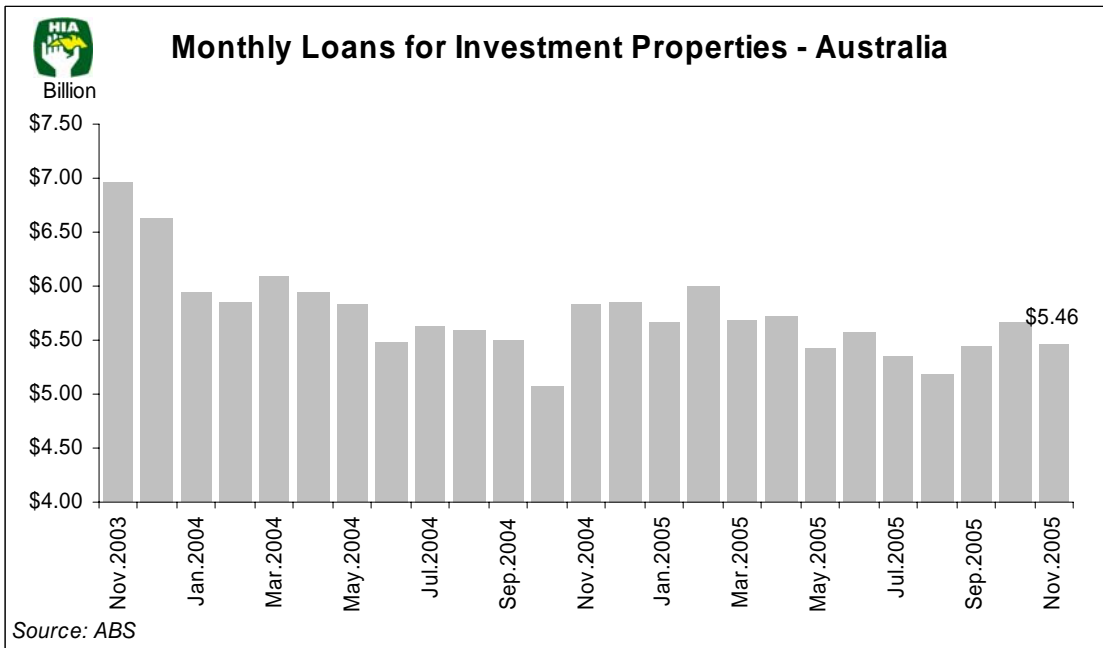
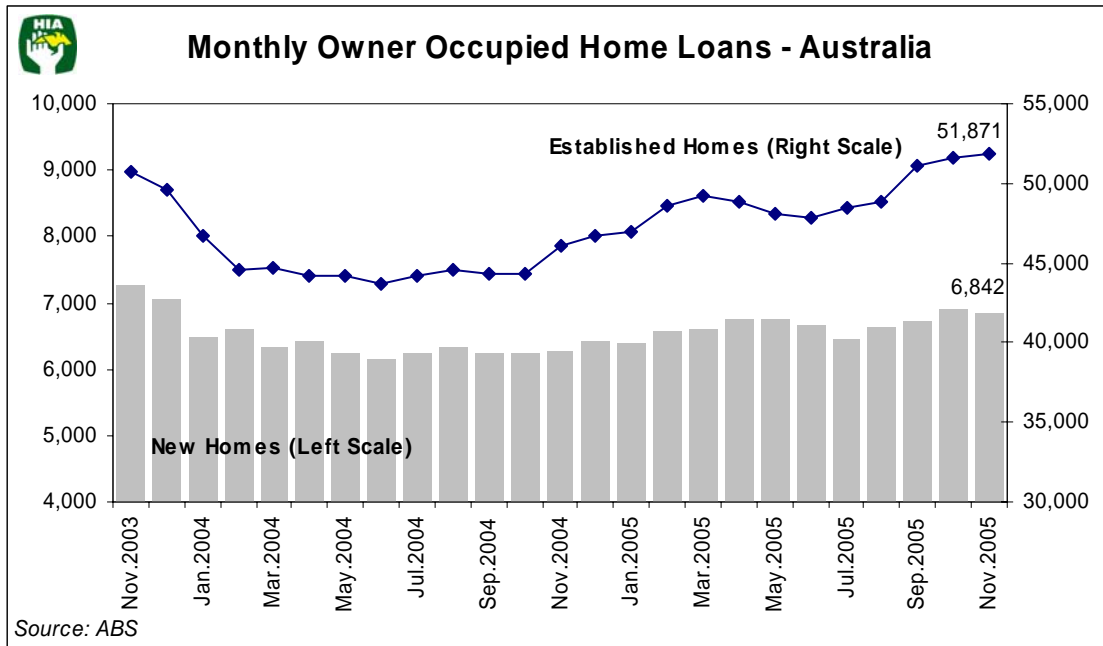
"While it's still far too early to tell if these positive numbers are tacit signs of a prolonged and sustainable upswing in real estate transactions and new home building, it does appear again that the worst has passed," he added.

"At the same time however, there is little to suggest a re-ignition of the 'housing fever' seen earlier in the decade as today's consumers remain highly geared and very wary of interest rate rises."

The ABS stated that the seasonally adjusted total value of loans, excluding alterations and additions, was \$18.302 million, a fall of 0.4 per cent, during November. Loans for owner-occupied premises totalled \$12.843 million, a 1.2 per cent rise and for investment housing the figure was \$5,459 million, representing a 3.7 per cent fall.

On a state-by-state basis, Queensland recorded the biggest rise in owner-occupied lending (new and existing homes), up 2.0 per cent followed by New South Wales, up 1.2 per cent, Victoria and South Australia, up 0.2 per cent, Tasmania, up 1.4 per cent, The ACT, up 1.3 per cent and the NT, up 0.6 per cent. A fall was recorded in WA, down 0.4 per cent.

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Further Information

Simon Tennent, Executive Director Housing and Economics on 0419 445 557