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ANOTHER SOLID MONTH FOR NEW HOME LENDING

Demand for new housing appears to be past the trough following another encouraging month for new home lending.

Monthly lending figures out today show that an extra 157 new home loans were issued in October reaching 6,853 loans, up 2.3 per cent on September.

Australia's peak housing body, Housing Industry Association, said that the all important pipeline of work appears to be loading up after what has been a slow period for many builders.

HIA's Chief Economist, Simon Tennent, said that today's figures confirm that after a period of bumping along the bottom, demand for new homes is turning.

"This is consistent with our prediction that the current pace of new home building is not keeping up with underlying demand," Mr Tennent said.

"Further evidence is that rents are continued their upward march and vacancy rates are near all time lows, which as today's figures show, is attracting new people into property investment with the value of investor loans rising over the month by 4 per cent."

"Add to this another improvement in first home buyer numbers today, rising to 18 per cent of all buyers, and it is appears that the worst is over for this cycle, particularly given the stable outlook for interest rates, unemployment, and house prices," Mr Tennent added.

The ABS stated that the seasonally adjusted total value of loans, excluding alterations and additions, is \$18.332 million, a rise of 2.5 per cent, during October. Loans for owner-occupied premises totalled \$12.686 million, a 1.8 per cent rise and for investment housing the figure was \$5,646 million, representing a 4.0 per cent rise.

On a state-by-state basis, Western Australia recorded the biggest rise in owner-occupied lending (new and existing homes), up 2.3 per cent followed by Victoria, up 1.4 per cent, and the Australian Capital Territory, up 1.2 per cent. Falls were recorded in South Australia, down 4.9 per cent, Tasmania, down 2.4 per cent, Northern Territory, down 2.4 per cent, Queensland, down 1.8 per cent and New South Wales, down 0.2 per cent.

Further Information

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