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HOME LOAN LENDING STRENGTHENS

A second consecutive rise in the value of new home lending has been welcomed by the nation's home builders.

The modest increase in lending for new homes apparent in August figures, accelerated through September, the latest report released by the Australian Bureau of Statistics today, indicates.

Australia's peak housing body, Housing Industry Association, said that the news was encouraging given that home loan activity is often the most reliable indicator of activity in the home construction sector.

HIA's Chief Economist, Simon Tennent, said that while a segment of the increased figures could be put down to increased competition among lending institutions, the overall picture was healthy.

"We are certainly seeing no signs of the housing crash that a number of doomsayers have been predicting for months now," he said.

"The number of first home buyers is still disappointing at 17.4 per cent, virtually unchanged on last month, but it is encouraging to see a 2.1 per cent rise in the value of loans for investment properties after falls in the two previous months.

"However, this may not be sufficient to halt the downward trend in rental vacancies. Low vacancy rates mean higher rents which has the potential to put a damper on other sector of the economy."

The ABS stated that the seasonally adjusted total value of loans, excluding alterations and additions, is \$17.664 million, a rise of 3.2 per cent, during September. Loans for owner-occupied premises totalled \$12.422 million, a 3.7 per cent rise and for investment housing the figure was \$5,242 million, representing a 2.1 per cent rise.

On a state-by-state basis, one of the most encouraging results was recorded in NSW where owner-occupied loans was up 1,214 or 7.6 per cent, reversing a fall of 1.1 per cent in August.

As at last month, the Northern Territory led the way with a 15.7 per cent rise. South Australia recorded an increase of 8.3 per cent, Queensland 5.7 per cent, Victoria 3.9 per cent, Tasmania 3.1 per cent and the ACT 1 per cent. Only Western Australia was in negative territory, a rise of 4.2 per cent in August turned into a fall of 2.4 per cent in the latest figures.

Further information

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