

INVESTMENT LENDING REMAINS WELL OFF 2003 PEAKS

Demand among Australia's property investors mounted a recovery at the end of last year, but lending for residential investment is still significantly down on the peaks of 2003.

Residential investment lending across Australia increased by 2.9 per cent in December following a 12.2 per cent jump the previous month. Nevertheless lending is still 24 per cent off the peak seen in October 2003.

Higher levels of lending for investment purposes were apparent across most of Australia last December. In original terms lending increased by 22.3 per cent in Tasmania, by 2.9 per cent in Queensland, by 2.4 per cent in Victoria, by 1.7 per cent in the Northern Territory, by 1.5 per cent in South Australia, and by 0.5 per cent in Western Australia. Lending fell by 4.2 per cent in New South Wales and by 22 per cent in the Australian Capital Territory.

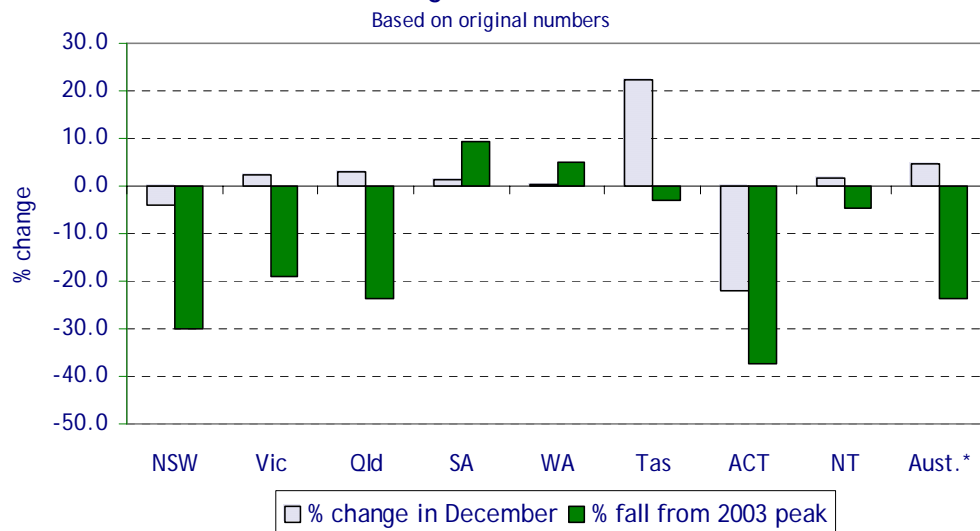
Australia's peak building industry body, HIA, said that the level of investment remained well off its peaks in many parts of the country.

HIA's Senior Economist, Mr Harley Dale, said "With a tight rental market applying to many parts of Australia it is encouraging to see that some recovery in investor confidence came through in the final couple of months of last year."

"However, investor interest is nowhere near where it was in 2002 and 2003 and it would be well wide of the mark to see the partial recovery at the end of last year as placing any upward pressure on interest rates," Mr Dale added.

FURTHER INFORMATION: Please contact:
Harley Dale, HIA Senior Economist on 0414 994 186

Investment Lending remains well off its Peaks



*Based on seasonally adjusted numbers