

8 September, 2006

FIRST HOME BUYERS CONTINUE TO LOSE GROUND

Home lending for owner occupiers rose only marginally in July and the first home buyer market continued to weaken.

Housing Finance for July, released today, showed a bare 0.9 per cent increase in total lending for owner occupation to 64,153 loans. Loans for the construction of a dwelling hardly moved, rising by 0.2 per cent to 4,627 loans, while loans for a recently completed home fell by 1.8 per cent to 2,892. In the established home market, loans rose by 1.1 per cent to 56,634.

Australia's peak housing body, HIA, said that first home buyers were continuing to lose ground.

HIA's Chief Economist, Mr Harley Dale, said that the recovery that began to form in the first home buyer market in early 2006 was rapidly being eroded.

"The first home buyer market is going backwards in a climate of higher interest rates, constraints on land supply, and unwarranted fees, taxes, and charges imposed on new housing," Mr Dale said

"The number of loans for first home buyers has fallen three times in the last four months and the proportion of first home buyers has slipped from 18.6 per cent at the start of the year to 16.7 per cent in July," Mr Dale said.

"This situation reinforces the pressing need to address extremely low levels of housing affordability around the country. There is not a single state or territory in Australia where a deteriorating trend in the first home buyer market is not evident through 2006 to date," Mr Dale added.

In July 2006 the total number of seasonally adjusted owner occupied housing commitments increased by 9.9 per cent in Tasmania and rises were also recorded in the Australian Capital Territory (up 7.7 per cent), Victoria (up 3.3 per cent), Queensland (up 1.9 per cent), and South Australia (up 0.6 per cent). Decreases were recorded in the Northern Territory (down 0.8 per cent), New South Wales (down 0.6 per cent), and Western Australia (down 0.6 per cent).

Further Information

Harley Dale, HIA Chief Economist on 0414 994 186

<http://economics.hia.asn.au>

Housing Industry Association Limited
ACN No 004 631 752