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MEDIA RELEASE

Little Change to Weak Housing Finance Story, says HIA

A modest lift in April does little to change a weak profile for new home lending, says the Housing Industry Association, the voice of Australia's home building industry.

"ABS figures show a 2.9 per cent rise in the number of loans for construction or purchase of a new dwelling in April," said HIA Chief Economist, Dr Harley Dale. "While a better result, it falls well short of preventing a weak three month period, with loans down by 10 per cent over the 'quarter' to April 2011."

"A downward trend in new home lending has generally persisted since late 2009 and a range of leading housing indicators point to further weakness in new home building activity in the 2011/12 financial year," said Harley Dale.

"That's hardly a recipe for an up-beat non-resource sector economy," Harley Dale said.

"The threat of higher interest rates together with large supply side obstacles including the excessive cost of serviceable land is sending new home building activity lower and lower," claimed Harley Dale.

"The housing industry requires short term stimulus, it needs confidence that the COAG reform process is going to deliver tangible outcomes, and it deserves a fairer deal with greater access to finance than is currently being extended for residential development," added Harley Dale.

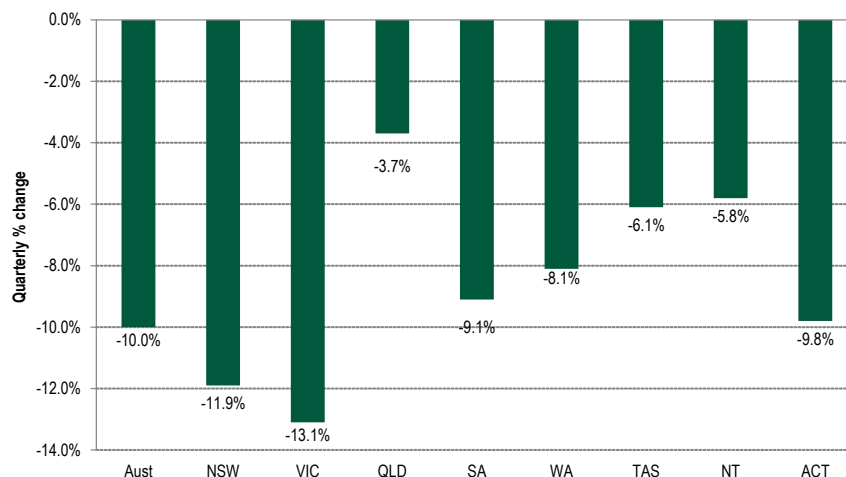
Loans for the purchase of a new dwelling increased by a decent rate of 9 per cent in April 2011, but the rise was insufficient to prevent a drop of 18.6 per cent over the April 'quarter'. Meanwhile, lending for construction posted a disappointing flat result in the month of April to be down by 6 per cent over the quarter.

In seasonally adjusted terms, the number loans for new housing in the month of April 2011 improved by 2.0 per cent in New South Wales and was up by 3.8 per cent in Victoria, 9.3 per cent in South Australia, 4.3 per cent in Western Australia, 13.3 per cent in Tasmania, 18.0 per cent in the Northern Territory, and 30.4 per cent in the Australian Capital Territory. Queensland was the exception to the broad-based monthly improvement where loans fell a further 5.7 per cent.

It was a different story over the three months to April 2011 where in seasonally adjusted terms the number of owner occupier loans for new housing fell across all states and territories. New housing loans fell by 11.9 per cent in New South Wales and were down by 13.1 per cent in Victoria, 3.7 per cent in Queensland, 9.1 per cent in South Australia, 8.1 per cent in Western Australia, 6.1 per cent in Tasmania, 5.8 per cent in the Northern Territory, and 9.8 per cent in the Australian Capital Territory.

New home lending - % change - 3 mths to April 2011

Source: ABS 5906.0



For further information:

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