

Home Lending Dips in November

Home lending for both new and existing dwellings fell in November under the weight of a second consecutive interest rate rise and the waning of the boost to first time buyers, said the Housing Industry Association, Australia's largest building industry organisation.

HIA Chief Economist, Dr Harley Dale, said that loans for the construction of new dwellings fell for the first time in 2009 in November, down by 6.5 per cent, while loans for the purchase of new dwellings dropped for a third straight month, falling by 5.1 per cent.

"While new home lending was still higher over the three months to November 2009, we are clearly losing some steam as the amount of upgrade buyer activity fails to completely offset the waning of first home buyers. Growth in the number of first home buyer loans peaked in mid 2009 while the proportion of first home buyer loans now sits at 22.1 per cent, the lowest post the boost and well down on the peak of 28.5 per cent.

"On the new investment front there was a modest increase in lending in November 2009 after a big drop in October, but there remains no sign of a sustained recovery. The overall new investment lending figures are very weak and continue to signal that 2010 will be yet another year of skinny rental vacancies and upward pressure on rents.

"We will see an increase in new home starts this year. However, in the face of higher interest rates, lower first home owner grants, and unrelenting supply-side impediments, the magnitude of the recovery will fall substantially short of what is required to match the demands of Australia's burgeoning population," said Harley Dale.

The total number of seasonally adjusted loans for owner occupiers (net of refinancing) dropped by 6.2 per cent in the month of November 2009, to the lowest level since February, with falls evident across every state and territory.

In seasonally adjusted terms the total number of owner occupier loans (net of refinancing) in November 2009 declined in New South Wales (-4.1 per cent), Victoria (-2.6 per cent), Queensland (-7.9 per cent), South Australia (-5.8 per cent), Western Australia (-2.5 per cent), Tasmania (-15.2 per cent), the Northern Territory (-15.5 per cent), and the Australian Capital Territory (-0.5 per cent).

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