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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

## New home lending loses ground in July

ABS Housing Finance figures released today point to a soft start for new home lending in 2011/12, said the Housing Industry Association, the voice of Australia's residential building industry.

"Following a reasonable improvement in June, the number of loans for the construction or purchase of new homes slipped back again in July," said HIA's Chief Economist, Dr Harley Dale.

"We have seen weaker updates for all new housing leading indicators released for 2012/13 to date," said Harley Dale.

"The starting position for new home building is GFC-like levels, the negative implications of which are reverberating through not only the new home building sector, but parts of manufacturing and retail as well," Harley Dale said.

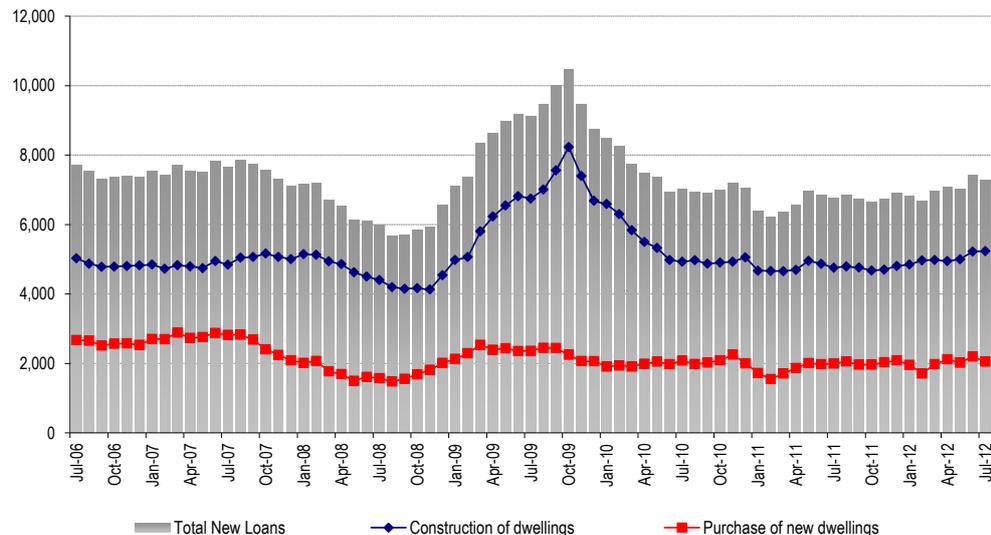
"We need to be seeing consistent evidence of improvement in leading indicators such as new home lending and local government building approvals, to provide some hope that conditions will lift sooner rather than later," said Harley Dale. "The evidence isn't there and that has to be a prominent concern for policy makers."

"In terms of total owner occupier lending, the moderate recovery in the first home buyer market continues, but is exaggerated because of the low base, and the trade-up buyer market appears to be losing momentum. On the investment front, what was the barest of recoveries has petered out. At a time of considerable shortage in affordable rental accommodation it is concerning that new residential investment has effectively tracked sideways, at a historically low level, for over six months now," added Harley Dale.

In July 2012 the total number of seasonally adjusted loans (net of refinancing) increased by 1.8 per cent in Western Australia and 7.8 per cent in the Northern Territory. Total lending fell by 2.7 per cent in New South Wales and was down by 1.3 per cent in Victoria, 2.0 per cent in Queensland, 1.0 per cent in South Australia, 3.0 per cent in Tasmania, and 2.8 per cent in the Australian Capital Territory.

AUST New Home Lending - Number of Loans

Source: ABS Housing Finance; HIA



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