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MEDIA RELEASE

8 August, 2012

New home lending rises in June

ABS Housing Finance figures released today show that new home lending rose convincingly in June 2012, said the Housing Industry Association, the voice of Australia's residential building industry.

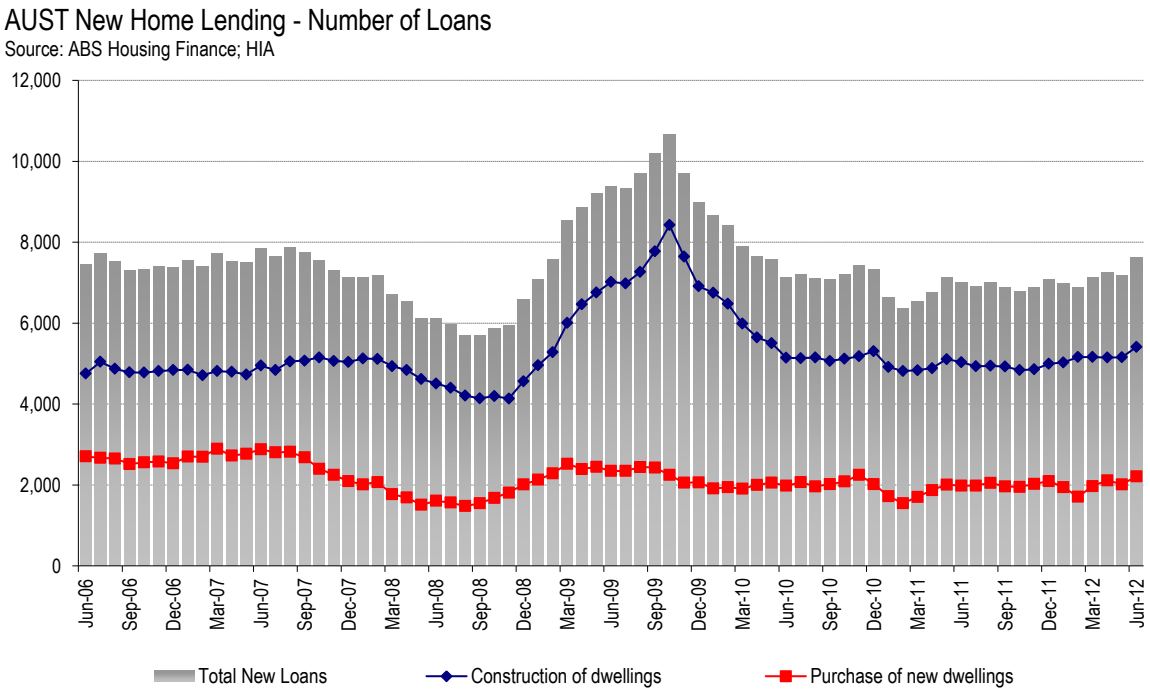
"Following relatively weak data in May, the number of loans for the construction or purchase of new homes rose by 6.3 per cent in the month of June," said HIA's Senior Economist, Andrew Harvey.

The outcome at the national level was driven by solid lending figures in New South Wales and Victoria, which grew by 7.3 per cent and 11.3 per cent respectively. This most likely reflects a response to policy changes in these two states.

"Looking over the three months to June 2012, a modest lift is evident for new home lending and reflects increases in all states and territories. The outcome is encouraging, but the reality is that new home loans have been grinding higher over the past six months rather than mounting a sustained and significant recovery," said Andrew Harvey.

"Unfortunately we needed to see a much stronger recovery in new home lending coming through in the first half of 2012 to signal a significant turnaround in residential construction. It remains evident that new home starts will bottom at GFC-equivalent levels this year, which is a poor outcome for Australian businesses, households, and the wider economy."

"Across loans for new and established property there has been a modest increase for both first time buyers and trade-up buyers over the last year, although its from a relatively low base," added Mr Harvey.



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