

6 September, 2011



## New Home Lending Still in the Slow Lane

New home lending was down marginally in the month of July 2011 which is indicative of the ongoing weakness within the new home industry, said the Housing Industry Association, the voice of Australia's home building industry.

"Today's ABS figures reveal that the number of loans for the construction or purchase of a new dwelling fell by 0.8 per cent in July 2011," said HIA Economist, Matthew King. "While, the 'quarterly' result represented some improvement on the soft outcomes in the early months of the year, in annual terms new home lending was still down by 4.0 per cent when compared to the three months to July 2010."

"Confidence is weak, not helped by persistent uncertainty this year over the direction and timing of the next move from the Reserve Bank. The delayed recovery in non-resource sector growth is also working to keep a lid on interest in new housing at a time when the policy reform process to reduce the high structural cost base to new housing has stalled."

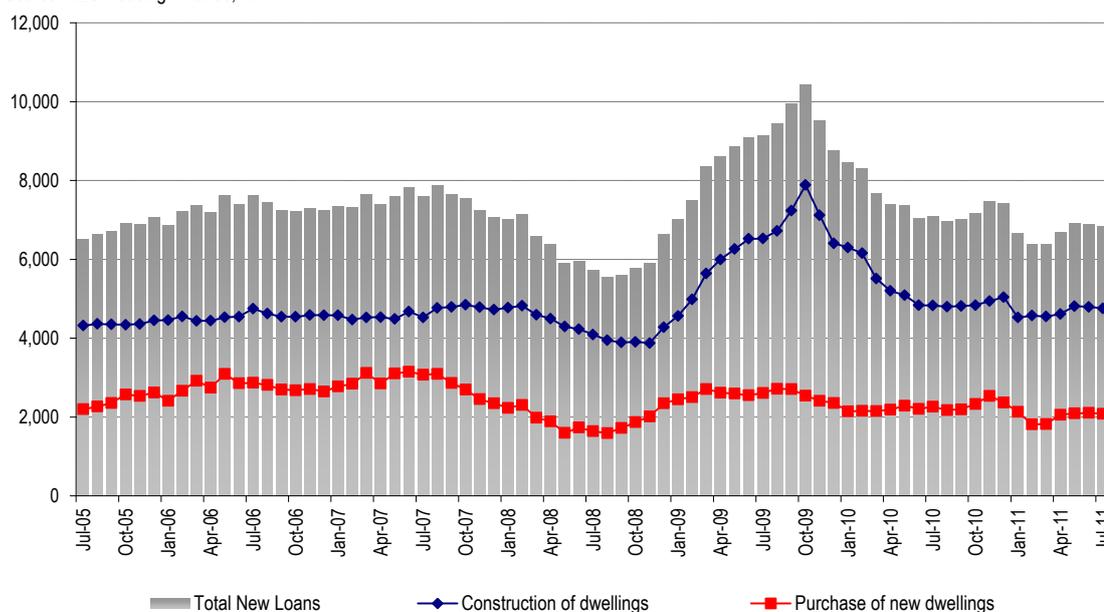
"However, the subdued conditions prevailing in the new home building industry, mean that now is a very good time to build or buy a new dwelling if households are in a position to make a responsible financial decision," Mr King noted.

The volume of loans for the construction of a new dwelling was down 0.8 per cent in July 2011, while the volume of loans for the purchase of a new dwelling were down 1.0 per cent.

In seasonally adjusted terms, the number of loans for new housing in the month of July 2011 increased by 14.1 per cent in the Australian Capital Territory, 3.8 per cent in New South Wales, 2.7 per cent in Tasmania, and 0.1 per cent in Victoria. Loans for new housing declined by 15.3 per cent in the Northern Territory, 11.2 per cent in South Australia, 4.1 per cent in Western Australia, and 2.8 per cent in Queensland.

### AUST New Home Lending - Number of Loans

Source: ABS Housing Finance; HIA



### For further information:

Matthew King, HIA Economist

0418 619 865 or (02) 6245 1355

MEDIA RELEASE