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FOR IMMEDIATE RELEASE

11 July, 2012

**MEDIA RELEASE**

## Tasmanian Banks Open to Building New Homes

In what has been a rough first half of the year today's announcement by ABS that lending for new homes in Tasmania has bounced back is welcomed news said Housing Industry Association.

Stuart Clues, HIA Executive Director said "Today's finance numbers have shown strong lending during the month of May with 13.7 per cent increase in lending during the month of May."

"There have not been too many good news stories of late but the fact the banks are lending again is the first step getting some houses out of the ground," said Mr Clues.

"This year there will be 700 less homes built than the industry average the past five years and the lowest level of construction we have seen in a decade. "If the banks are feeling more confident in their lending that means people are more likely to build and that is great news all round," said Mr Clues.

"On a national front Tasmania lead the way with the highest growth in percentage terms of any state. Following two consecutive increases in March and April, the number of loans for the construction or purchase of new homes fell by 2.4 per cent in May 2012," said Mr Clues.

"A modest lift is evident for new home lending over the three months to May this year and that is reflected in increases across all states and territories. That is a more encouraging outcome, but the fact is new home loans have been grinding higher over the last 12 months rather than mounting a sustained and significant recovery," said Mr Clues.

"It is evident that new home starts will bottom at GFC-equivalent levels this year, which is a very poor outcome for businesses, households, and therefore the wider economy," said Mr Clues.

"We needed to be seeing a strong recovery in new home lending coming through in the first half of 2012 to signal a significant turnaround in residential construction from what will historically be a very low trough. That simply isn't the case and government action in addition to lower borrowing costs is the combination required to restore healthy levels of confidence and activity," said Mr Clues.

In seasonally adjusted terms, the number of loans for construction and purchase of new homes increased in May 2012 in Queensland (up 1.7 per cent), South Australia (up 9.9 per cent), Tasmania (up 0.1 per cent), and the Australian Capital Territory (up 3.1 per cent). Monthly declines were recorded in New South Wales (down 8.0 per cent), Victoria (down 0.8 per cent), Western Australia (down 6.3 per cent), and the Northern Territory (down 23.8 per cent). On a more promising note, seasonally adjusted figures show all states posted an increase over the quarter ending May 2012. New South Wales posted a 5.8 per cent increase, while Victoria was up by 1.4 per cent, Queensland by 2.4 per cent, South Australia by 2.2 per cent, Western Australia by 0.5 per cent, Tasmania by 13.7 per cent, the Northern Territory by 7.3 per cent, and the ACT by 7.6 per cent.

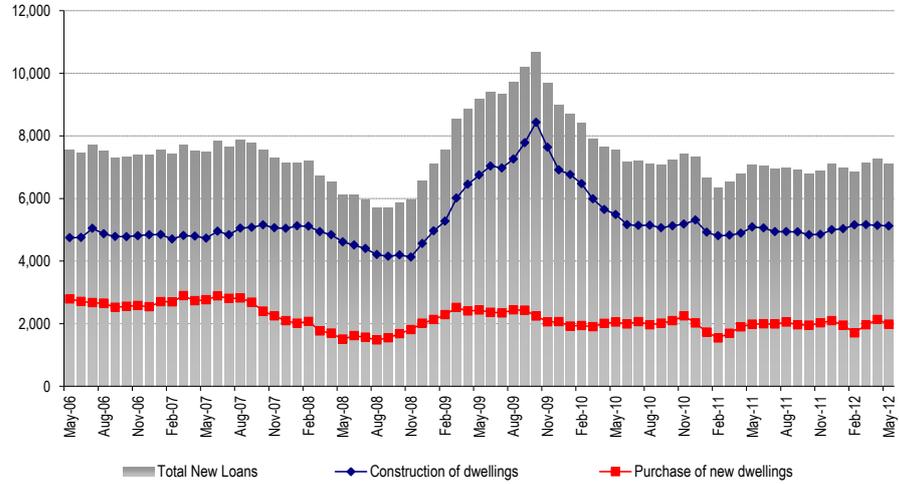
"Across loans for new and existing property there has been a modest increase for both first time buyers and trade-up buyers over the last year, but from a relatively low base," said Mr Clues.



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## AUST New Home Lending - Number of Loans

Source: ABS Housing Finance; HIA



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