



New Home Lending Bounces into May

“First home buyers have raced back into the home market in May this year,” stated HIA’s Principal Economist, Tim Reardon.

The ABS released the Housing Finance data for May 2017 which shows new home lending increased during May.

“We have seen significant growth in lending to first home buyers in many parts of the country during the month which has coincided with an increase in lending for new homes. This is likely to be due to the ongoing uptake of apartments that have come onto the market this year,” added Mr Reardon.

“Lending figures also show that the amount that first home buyers are borrowing has remained relatively flat over the past year. An increase in first home buyers in the market is always welcome and we hope that this improvement can be sustained.

“There was also a growth in lending to new home buyers more broadly, particularly on the east coast. A 28 per cent increase in lending in Queensland for the month (14.6% for the Qtr) is the strongest result.

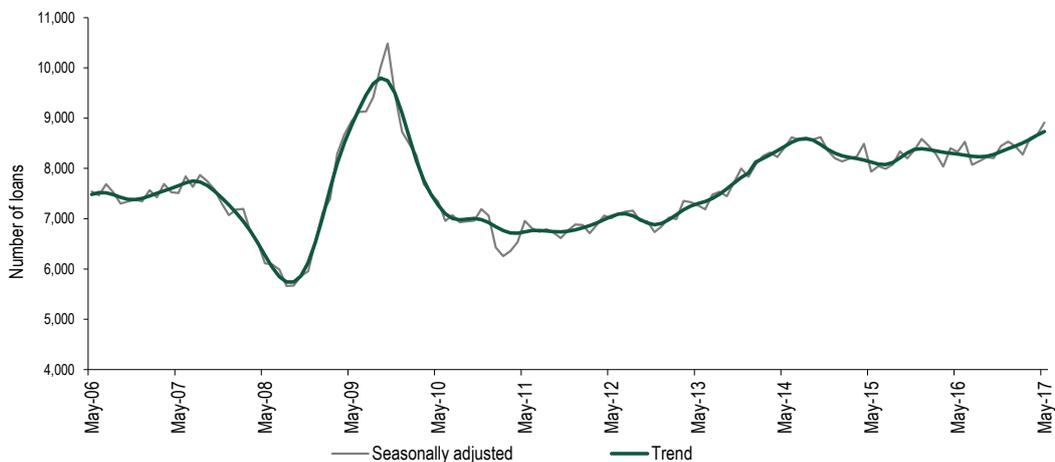
“Of interest, and an issue to monitor in the future, is the reduction in lending for investment properties for the second month in a row. This could be as a result of the APRA restrictions that were announced at the end of March impacting on the confidence of investors.

“During April and May 2017 the value of lending to investors dropped by 2.5 per cent and 1.4 per cent respectively. This could also be due to the expectation that home price growth is likely to slow further.

The number of loans to owner occupiers constructing or purchasing new homes increased in a number of states over the year to May 2017. The strongest growth was in Queensland (+10.8 per cent), followed by Tasmania (8.1 per cent), Victoria (+6.0 per cent), South Australia (2.8 per cent), New South Wales (+2.5 per cent). Over the same period, there was a substantial reduction in Western Australia (-15 per cent). Lending activity was also weaker in the Northern Territory and the ACT with lending in the three months to May 2017 down by 11.5 per cent and 7.9 per cent on levels from a year ago, respectively.

Lending for Construction and Purchase of New Dwellings - Australia

Source: ABS 5609.1



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