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MEDIA RELEASE

Housing Finance Back to 2013 Levels

“The slide in home lending activity in September has taken the number of loans to owner-occupiers down to the lowest level that we’ve seen since 2013,” said HIA Acting Principal Economist, Geordan Murray.

ABS housing finance figures for the month of September 2018 show broad weakness:

- The number of loans to owner-occupiers building or purchasing a new home dipped by 3.8 per cent in the September 2018 quarter and is 13.5 per cent lower than the level a year ago.
- The number of loans to owner-occupiers purchasing established homes (excluding refinancing) was steady in September but was down by 2.5 per cent in the quarter and was 11.7 per cent lower than the level a year ago.
- First homebuyer activity has retreated following the improvements of 2017. Lending to first homebuyers was down by 2.0 per cent in the quarter and is down by 3.7 per cent compared with a year ago.
- The value of lending to investors continued to slide and was down by 5.0 per cent in the quarter and is 18.2 per cent below the level recorded a year ago.

“Last month we noted that investor lending activity had dropped back to 2013 levels but now owner-occupiers lending has followed suit,” said Mr Murray.

“The comparison to 2013 is important. This was the point in time when the recovery in the housing market began.

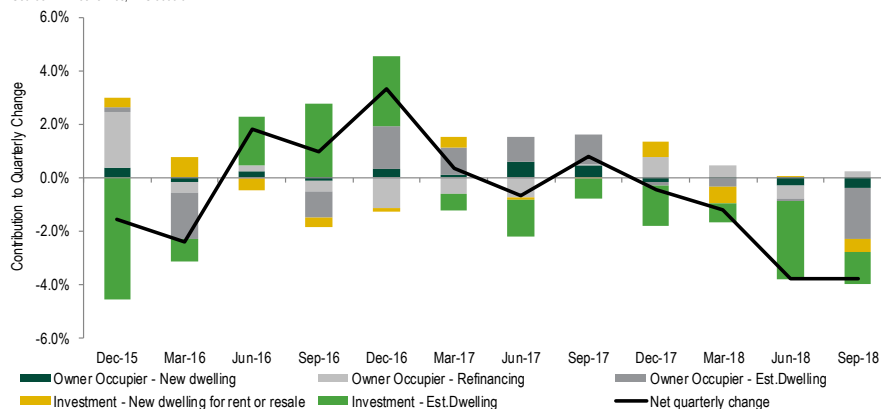
“We are seeing lending activity for both new and established homes softening.

“The housing cycle has most definitely progressed into a contractionary phase and the shift in sentiment would typically see a drop in demand for new loans.

“In context of the more restrictive lending environment that homebuyers now face, it is clear that the soft lending numbers are as much to do with would-be home buyers having greater difficulty accessing finance as it is about sentiment.

“At this juncture it will be important for the regulators to monitor the impact of their earlier interventions to ensure that policy settings remain appropriate in the new phase of the cycle,” concluded Mr Murray.

Housing Finance by Purpose - Contribution to Quarterly Change in Value of Loans
Source: HIA Economics, ABS 5609.0



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