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MEDIA RELEASE

Housing Finance Climbs in October

“Housing data is continuing to show that a low point was reached in April to May 2019, with a small improvement in the volume of new work entering the pipeline over the rest of 2019,” stated Tim Reardon, HIA’s Chief Economist.

The ABS released the Lending to Households and Businesses data for October 2019 today. The publication presents statistics on housing finance commitments including for the purchase or construction of new dwellings.

“Lending for the purchase or construction of a new home rose by 3.4 per cent in October. Despite the improvement, lending remains 3.4 per cent lower than in the three months to October compared with the same time in 2018,” added Mr Reardon.

“The housing market contracted very sharply from the middle of 2018 but has since experienced a small rejuvenation. Lending data and new home sales data both suggest that the market has improved since the middle of 2019.

“First home buyer activity remains strong despite the increase in house prices. First home buyer commitments rose by 1.4 per cent for the month of October and they now account for nearly 30% of all buyers.

“Stimulus measures, including interest rate cuts, tax cuts and the easing of APRA’s lending restrictions are having a positive impact on the housing market. The governments First Home Loan Deposit Scheme will also assist eligible first home buyers enter the market from January.

“If these conditions remain, the market will stabilise during 2020, at levels well below those experienced in recent years,” concluded Mr Reardon.

Lending for Construction and Purchase of New Dwellings - Australia

Source: ABS 5601.0



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