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MEDIA RELEASE

Intervention to Encourage Housing Investment Necessary

“Lending for the purchase or construction of a new home has fallen to its lowest level since September 2013,” stated HIA’s Chief Economist, Tim Reardon.

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

“Overall housing finance commitments for the construction and purchase of new homes are now 19.4 per cent lower than they were in July 2017,” added Mr Reardon.

“Market confidence fell away in the later part of 2018 as dwelling prices corrected, adversely impacting all segments of the market. Investors and owner occupiers are delaying purchase decisions and foreign investment has also fallen dramatically for numerous reasons.

“This has resulted in the sharpest correction to building approvals since the introduction of the GST. The pipeline of building work has shrunk over the past six months as the volume of work entering the pipeline fell away.

“Governments have introduced a range of measures over the past three years which have all impacted activity in the housing market.

“These measures have seen domestic and foreign investors exit the market.

“Governments should be reversing the punitive measures and replacing them with more prudent measures, such as assisting first home buyers to save a deposit,” conclude Mr Reardon.

Looking around the country: Lending to owner-occupiers building and purchasing new homes in the three months to March 2019 compared with the previous quarter were down in all states: NSW down by 23.6 per, Victoria down by 18.8 per cent, WA down by 17.8 per cent, Queensland down by 15.6 per cent, Tasmania down by 12.7 per cent and South Australia down by 10.1 per cent.

AUST New Home Lending - Number of Loans

Source: ABS Housing Finance



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