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MEDIA RELEASE

COVID-19 yet to Fully Impact ABS Finance Data

“The number of loans to owner occupiers for established homes fell by 6.3 per cent during April 2020,” commented HIA Chief Economist, Tim Reardon.

The ABS today released monthly data tracking lending activity including lending within the residential property market – for both new and existing homes purchased by owner occupiers, investors and businesses.

“Home loans approved in April largely reflect loan applications initiated in previous months. The modest decline in finance approvals in April reflects processing delays due to COVID,” said Mr Reardon.

“Housing finance across the market fell by 5.0 per cent in the month of April. While activity in the housing market slowed considerably in April the housing finance data remained elevated as lenders worked through the backlog of loan applications.

“Loans for the purpose of constructing a new home are yet to be affected by COVID, increasing by 2.9 per cent in April. Full finance approval is one of the final steps for homebuyers who would have made the decision to build a new home as far back as 2019.

“The value of loans to investors fell by 4.2 per cent during April, and investor lending in the three months to April 2020 was 6.6 per cent lower compared to the previous three months.

“Despite a small decline in lending to first home buyers during April, first homes buyers continue to represent 37 per cent of the owner occupier market. This is the largest proportion since 2009.

“The volume of residential building activity is expected to decline throughout the rest of the year. The Government’s HomeBuilder scheme, First Home Loan Deposit Scheme and the various state stimulus programs will be important in mitigating the extent to which this downturn weighs on the post-COVID economic recovery,” concluded Mr Reardon.

Across the states, the value of loans to owner-occupiers during the three months to April 2020 was higher than the previous three months in Tasmania (4.0 per cent), New South Wales (1.2 per cent), and Victoria (0.2 per cent). Lending declined over this period in Queensland (-3.8 per cent), South Australia (-4.9 per cent), Western Australia (-1.7 per cent), the Northern Territory (-0.3 per cent) and the ACT (-2.2 per cent).

Value of loans to Owner occupiers

Source: ABS



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