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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

Housing Market Conditions Strengthen in January

“Improvements in the overall housing market are filtering through to new home building conditions,” commented HIA Chief Economist, Tim Reardon.

“The value of lending to owner occupiers constructing a new home increased by 6.4 per cent in January to be 13.2 per cent higher than the trough, which occurred back in April last year.

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.

“Overall housing market conditions continued to strengthen in January, with the total value of lending for housing growing by 4.6 per cent,” said Mr Reardon.

“Conditions reached their weakest in May 2019, but the subsequent improvement has been healthy,” said Mr Reardon.

“The latest increase in lending has been the strongest monthly increase the cycle thus far. It also takes the value of lending to be worth some 28.2 per cent higher than the weak point in May last year.

“This improvement is very much owner occupier led. The value of lending to owner occupiers increased by 5.0 per cent in January, to be 30.8 per cent higher than in May last year. Investor lending is also improving, but not at the same pace.

“These results predate the effects of restrictions on trade and travel. These effects represent significant uncertainties for the home building industry and will weigh on activity over the medium term,” concluded Mr Reardon.

Across the country, the number of loans to owner-occupiers for the purchase and construction of dwellings in January 2020 was higher than a year earlier in Victoria (27.7 per cent), Queensland (27.3 per cent), South Australia (14.5 per cent), and Western Australia (5.2 per cent). Elsewhere, lending declined over this period: in New South Wales (-1.2 per cent), Tasmania (-14.0 per cent), Northern Territory (-31.8 per cent) and the Australian Capital Territory (-1.2 per cent).

Value of loans to Owner occupiers and Investors

Source: ABS, RBA



For further information please contact:

Tim Reardon, Chief Economist
Diwa Hopkins, Senior Economist

0423 141 031
0431 509 539

