

MEDIA RELEASE



9 October 2020

Impact of HomeBuilder Now Evident in Housing Finance Data

“The short-term stimulus from HomeBuilder is emerging in the housing finance data released by the ABS today. This is particularly evident in the issuing of loans for the construction of new homes and in lending to first home buyers,” stated HIA’s Chief Economist, Tim Reardon.

“The number of loans for the construction of a new dwelling increased by 22.9 per cent in August 2020 to its highest level in over a decade.

“Not only does this data show that there has been an increase in the number of loans for the construction of a new home, there was also an increase in the purchase of residential land as well as new and established homes.

“There has been a substantial improvement in sentiment and confidence in the housing market.

“The increase in construction loans can be seen across all jurisdictions except for NSW. More leading indicators of building work entering the pipeline suggests that the pickup in building work in NSW has been slower, but it is emerging.

“The number of loans to first home buyers also rose significantly in August. Loans to first home buyers in the three months to August 2020 are now 24.1 per cent higher than for the same time last year.

“First home buyers are able to take advantage of the low interest rate environment as well as various government incentives such as HomeBuilder, the First Home Loan Deposit Scheme and discounts and exemptions on stamp duty. This has offset the adverse impact of tighter lending criteria for first home buyers.

“It is evident in today’s data that there will be an increase in work on the ground in the December quarter this year which will protect jobs in the construction industry and the broader economy,” concluded Mr Reardon.

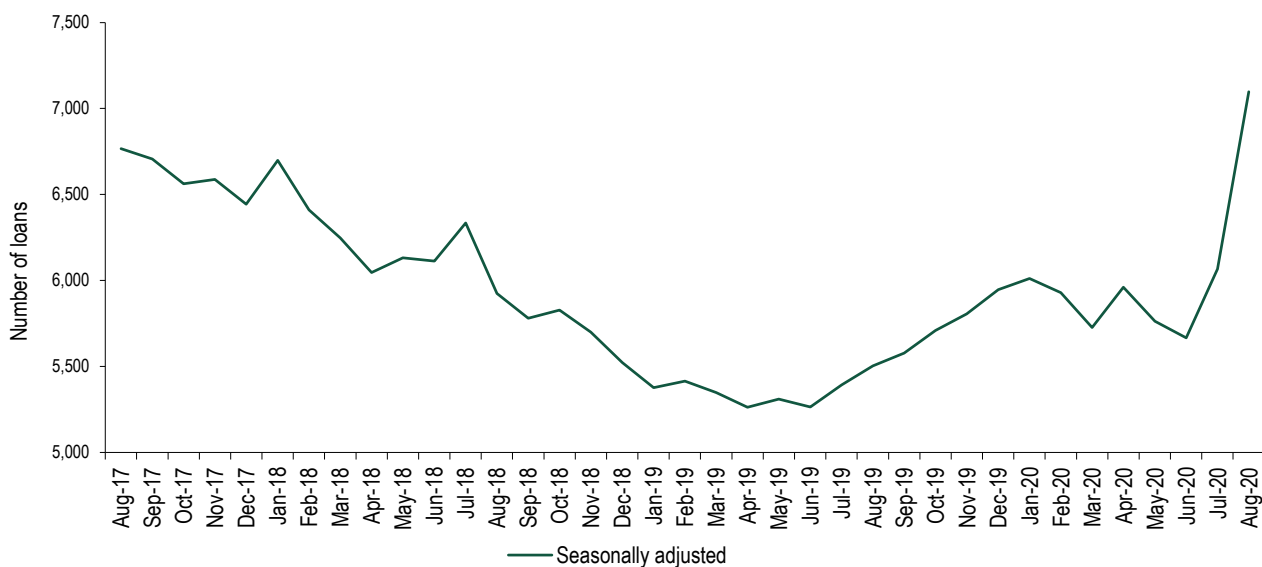
Across the states, the number of loans to owner-occupiers in August for the purchase or construction of new dwellings increased in Tasmania (+48.9 per cent), the Australian Capital Territory (+39.9 per cent), Queensland (+26.2 per cent) Western Australia (+24.6 per cent), South Australia (+14.0 per cent) and Victoria (+2.8 per cent). They declined in New South Wales (-11.0 per cent) and the Northern Territory (-20.4 per cent).

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Lending for Construction and Purchase of New Dwellings - Australia

Source: ABS 5609.1



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