

# MEDIA RELEASE



2 November 2020

## Loans for Construction of a New Home Set New Record

“The number of loans for the construction of a new dwelling increased by 27.1 per cent in the month of September 2020, to the highest result since the Australian Bureau of Statistics (ABS) commenced collection of this data in 2002,” stated HIA’s Chief Economist, Tim Reardon.

“The ABS also released its building approvals data today, which is a more lagged indicator of future building work, and it shows the third strongest month of approvals for detached houses in the past 16 years,” added Mr Reardon.

“We do not expect this to be the peak of the cycle.

“Today’s ABS data confirms the surge in building work entering the pipeline and is consistent with the results from HIA’s New Home Sales over recent months.

“Based on the strength of New Home Sales in September, we expect finance approvals and building approvals to continue to be strong next month, before the positive impact of HomeBuilder starts to slow.

“These high volumes of sales, loans and approvals following the announcement of HomeBuilder will be relatively short lived. HomeBuilder was designed to provide consumers with confidence to return to the detached housing market. It has been very effective at achieving this goal.

“This new work entering the pipeline will offset the significant declines observed from March as restrictions were announced and will ensure a stable supply of new building projects over the next nine months.

“When balanced against the June quarter, the record volume of loans and approvals will not lead to a record number of new home commencements.

“Approvals for detached houses are identical in the year to September 2020 compared with the previous 12 months. This is a very good outcome considering the speed and extent of the downturn in new detached housing observed in the first half of the year.

“The improvement in detached building approvals was seen across all jurisdictions during the month of September 2020.

“In other good news, the number of loans to first home buyers reached the highest number in over a decade. First home buyers accounted for 40 per cent of the total number of owner occupier loans issued in September.

“Multi-unit approvals also recorded an increase during the month of September 2020 but remain 7.0 per cent lower when compared to the September 2019 quarter. The small number of multi-unit projects that are gaining approval at this time are likely to have commenced the planning and building approval process years ago and do not reflect current market conditions.

“It is evident in today’s data that HomeBuilder has been successful in creating work on the ground in the December quarter. This will protect jobs in the construction industry and the wider economy,” concluded Mr Reardon.

# MEDIA RELEASE

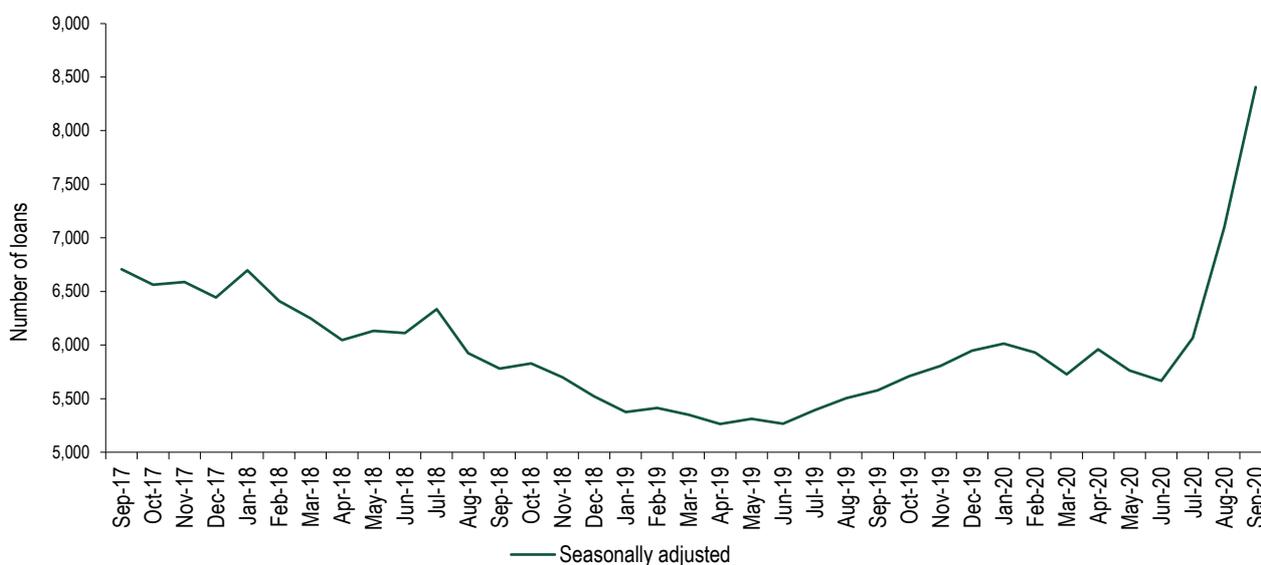


Across the states, the number of loans to owner-occupiers in September for the construction of a new dwelling saw the biggest increase in Western Australia (+40.6 per cent), Queensland (+34.9 per cent), Victoria (+31.6 per cent) South Australia (+26.2 per cent), and New South Wales (+25.5 per cent). They also increased in Tasmania (+18.0 per cent), the Northern Territory (+15.2 per cent) and the Australian Capital Territory (+6.2 per cent).

In seasonally adjusted terms, the total number of dwellings approved during September 2020 compared to August, increased in Western Australia (+42.6 per cent), South Australia (+28.3 per cent) and Queensland (+19.3 per cent). They also increased in Tasmania (+18.8 per cent), Victoria (+12.4 per cent) and New South Wales (+4.6 per cent).

## Lending for Construction and Purchase of New Dwellings - Australia

Source: ABS 5609.1



For further information please contact:

Tim Reardon, Chief Economist

0423 141 031

Angela Lillicrap, Economist

0404 406 567