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First ABS Data to show COVID-19 Impact Vindicates Stimulus Scheme

ABS Housing Finance Data released today for April shows lending for new homes in WA fell more than 17 per cent from March to April, HIA WA Executive Director Cath Hart said.

"This is the first ABS data to reflect the early impact of the COVID-19 shock to new home lending and shows significant falls in WA as a result of COVID-19, including the lowest number of first home buyer loans issued in nearly a decade," Ms Hart says.

"The data shows a dramatic 17.1 per cent fall in month-on-month lending for new homes in WA between March and April as COVID-19 began to erode consumer confidence and activity.

"Today's housing finance data vindicates the timing behind Prime Minister Scott Morrison and WA Premier Mark McGowan's introduction of their respective stimulus programs, the HomeBuilding Scheme and the Building Bonus Grant, to support the residential building sector.

"The data also shows that April saw the lowest number of loans issued to first home buyers in WA in nearly a decade, which highlights why it is so important that both of these job-protection schemes have targeted home buyers from across the spectrum - not just in the first-home buyer segment where obtaining finance appears to have become more challenging.

"Without this much-needed support, the residential building sector was staring down the barrel of collapse which would have had adverse secondary impacts to confidence and economic activity over the rest of the year.

"Given loan applications are usually submitted 30-40 days before approval, these figures represent just the start of the COVID-19 shock."

Ms Hart said the COVID-19 downturn in residential building activity was forecast to hit WA first in the nation because of WA has the shortest project pipeline as a result of five years of already challenging conditions.

This data also highlights the underlying pre-COVID weakness in the WA market, showing an 11.9 per cent fall in lending for new homes compared to 12 months earlier in April 2019.

The ABS "Housing Finance Data" is collected from banks and tracks lending activity including lending within the residential property market.

"The federal HomeBuilder scheme and the WA Building Bonus grants are a significant lifeline and will protect thousands jobs," Ms Hart said.

"Other initiatives such as encouraging interstate FIFO workers to relocate to WA and slashing red tape via planning reforms will help sustain jobs and businesses in the local market."

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