

MEDIA RELEASE



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Construction loans continue to fall in July

“The number of loans for the construction of a new dwelling continued to fall in July, but remain elevated compared to pre-COVID levels,” stated HIA Economist, Angela Lillicrap.

The ABS released the Lending to Households and Businesses data for July 2021 today. The publication presents statistics on housing finance commitments including for the purchase or construction of new dwellings.

“The data reflects the progression of HomeBuilder projects as the majority have now finished the approvals process and will be commencing construction in the coming months,” added Ms Lillicrap.

“The value of loans for renovations reached its highest level on record in July. The value of loans for renovations was 115.9 per cent higher in the July quarter than the same time last year.

“Household savings have increased since the onset of COVID as people spend more time at home. Households are spending this extra savings on improving their living spaces.

“Low interest rates are continuing to support demand for housing and renovations. This is particularly evident with the number of loans refinanced in July also reaching record levels.

“The number of loans for established dwellings also remained elevated in July. This is unlikely to reflect the impact of recent lockdowns as many of the loans issued in July would have applied in May and June.

“First home buyer activity has fallen from its peak in February 2021. This result was expected as stimulus measures are wound back and affordability concerns start to impact this segment,” concluded Ms Lillicrap.

Across the states, the number of loans to owner-occupiers for the construction of a new dwelling in the three months to July 2021 compared to the same time last year has:

- More than doubled in Tasmania (+119.6 per cent) and South Australia (+105.4 per cent)
- Increased strongly in the ACT (+88.1 per cent), Western Australia (+85.3 per cent), Queensland (+57.0 per cent), Victoria (+46.6 per cent) and New South Wales (+42.3 per cent).
- Declined in the NT (-30.5 per cent).

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