

# MEDIA RELEASE



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## Loans for New Home Building Sets New Record

“The number of loans for the construction of a new dwelling rose in February marking six consecutive months of record highs,” stated HIA’s Chief Economist, Tim Reardon.

The ABS released its data on lending indicators for the month of February today.

“The number of construction loans to owner occupiers in the three months to February 2021 is 43.0 per cent higher than the previous quarter and is two-and-a-half times higher than the same time last year,” added Mr Reardon.

“Lending for renovations also rose further, reaching its highest level since 2009. The value of loans for alterations and additions in the three months to February 2021 is 47.6 per cent higher than the same time last year.

“First home buyers are riding the HomeBuilder wave, accounting for over 40 per cent of loans over the last seven months. This is the strongest share for first home buyers since the stimulus associated with the GFC.

“Demand for new housing has been surging since mid-2020 due to a combination of the HomeBuilder program, record low interest rates and the shift in populations away from apartments and capital cities towards detached housing and regional areas.

“Households have changed their spending habits in response to the COVID-19 interruptions. Many have diverted funds that would have typically been spent on travel and entertainment into buying a new home or improving their existing one.

“This data provides further evidence of the exceptionally strong volume of new homes that will commence construction in 2021 as well as record level of expenditure on renovations,” concluded Mr Reardon.

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

- More than tripled in Western Australia (+255.1 per cent)
- Tripled in the Northern Territory (+200.0 per cent)
- Almost tripled in Queensland (+191.3 per cent) and Tasmania (+176.1)
- More than doubled in South Australia (+131.0 per cent), the Australian Capital Territory (+126.3 per cent), and Victoria (+108.4 per cent)
- Almost doubled in New South Wales (+86.0 per cent).

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

Source: ABS 5609.1

