

Media Release

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Monetary policy biting

The Australian Bureau of Statistics (ABS) January 2010 Housing Finance figures released today show that in trend terms, the number of finance commitments have decreased by 3.6 per cent, compared to December 2009.

The President of the Real Estate Institute of Australia (REIA), Mr David Airey said “The impact of the three consecutive interest rate increases in the December quarter of last year and the phasing out of the First Home Owners Grant Boost (FHOG Boost) are clear in these figures.”

All categories of lending show decreases – purchases of established dwellings are down 4 per cent, purchases of new dwellings are down 3.5 per cent, finance for construction of new dwellings is down 1.4 per cent and the number of loans to first home buyers is down 31 per cent.

“The number of first home buyer commitment as a percentage of total owner occupied housing finance commitments is now down to 20.5 per cent, compared to the long-term average of 20.2 per cent,” he said.

“The drop in lending to first home buyers is extraordinary. The number of finance commitments to first home buyers is now less than half of what it was six months ago,” continued Mr Airey.

The number of finance commitments were down in all states and territories, except in the Australian Capital Territory, where they remained flat.

“These figures point to the need for the Reserve Bank of Australia (RBA) to exercise restraint when it next meets in April”, concluded Mr Airey.

The Real Estate Institute of Australia (REIA) is the national professional association for the real estate sector in Australia. For further information or interview opportunities, please contact:

David Airey	REIA President	0418 906 002
Neil Fisher	REIA CEO	0412 637 550
Rhiannon McClelland	REIA Manager Communications	0421 422 919