

Investor housing finance moderating

The latest housing finance figures released today by the Australian Bureau of Statistics (ABS) confirm that finance approvals for investor housing is moderating, according to the Real Estate Institute of Australia (REIA).

“The value of investment housing commitments decreased by 0.3 per cent in March 2017 in trend terms. This is down from its 2015 peak,” Malcolm Gunning, REIA President said.

“It needs to be remembered that this is before the actions in May by the regulators and banks to limit bank lending in an attempt to dampen investor demand for property in Sydney and Melbourne and the Budget initiatives to limit deductions for investment property.

“Overall the figures for March 2017 show, in trend terms that the number of owner-occupied finance commitments decreased by 0.1 per cent. If refinancing is excluded, in trend terms, the number of owner-occupied finance commitments increased by 0.5 per cent following a rise of 0.7 per cent in February.

“Increases were recorded in New South Wales, South Australia, Tasmania, Australian Capital Territory and the Northern Territory with the Northern Territory having the largest increase of 1.8 per cent. Decreases were recorded in Queensland and Western Australia with the largest decrease in Western Australia at 1.0 per cent. Victoria remained flat.

“In trend terms, the number of established dwellings purchase commitments decreased by 0.1 per cent while new dwelling construction increased by 0.4 per cent and the purchase of new dwellings increased by 0.2 per cent.”

“The proportion of first homebuyers, as part of the total owner-occupied housing finance commitments, increased to 13.6 per cent in March 2017 from 13.3 per cent in February 2017 and the number of first home buyer commitments increased by 20.5 per cent and is the highest since November 2016.

“The March figures show that the market is adjusting. We will need to closely monitor the cumulative impact of recent actions by the regulators, banks and the Federal Budget initiatives to ease demand by property investors and ensure that they don’t threaten economic growth through reduced construction activity”, Mr Gunning concluded.

The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia. For further information or to interview REIA President Malcolm Gunning please contact Helen Hull at media@reia.com.au or 0419 642 961.