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May Housing Finance Shows Historical Fall

The May 2020 Lending to Households and Business figures released today by the Australian Bureau of Statistics show the largest monthly fall in the history of the series with the value of loans for housing falling by 11.6 per cent in seasonally adjusted terms, according to the Real Estate Institute of Australia (REIA).

“The fall is not unexpected with feedback from agents during May, as restrictions on movements throughout the month were in place and a general air of caution about the economy and its impact on activity in the housing market prevailed, suggesting that this would be the case,” said Adrian Kelly, President of the Real Estate Institute of Australia.

“The fall was driven by large reductions in the value of loan commitments for housing in New South Wales and Victoria and contributed to the yearly fall of 7.3 per cent. Smaller falls were reported for all other states except ACT.”

“The value of new loan commitments for investor housing fell 15.6 per cent for the month and 11.9 per cent for the year - again driven by Victoria and New South Wales.”

“New loan commitments for owner occupier first home buyers fell by a similar proportion to the overall fall in owner occupier commitments for dwellings with a fall of 10.5 per cent by value for the month in seasonally adjusted terms but a 19.3 per cent increase for the year.”

“NSW and Queensland drove the fall in the number of loan commitments for owner occupier first home buyers with all other states except ACT recording falls”.

“While reduced transactions in the housing market stifled new loan activity in May, the markets have held up through a low level of supply. A situation that is continuing in the larger markets,” concluded Mr Kelly.

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The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia.

For further information or to speak with REIA President Adrian Kelly please contact Samantha Elley via media@reia.com.au or 0413 986 068.