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September Housing Finance Reflects Improving Housing Sentiment

The September 2020 Lending to Households and Business figures released today by the Australian Bureau of Statistics show that the value of new loan commitments for housing grew for the fourth second consecutive month, according to the Real Estate Institute of Australia (REIA).

“The seasonally adjusted value of new loan commitments for owner-occupied housing rose 5.9 per cent in September and 25.5 per cent for the year, with the rise seen in all states and territories, except Victoria and the Northern Territory," said Adrian Kelly, President of the Real Estate Institute of Australia.

"The largest increases in the value of new loan commitments were in Western Australia, New South Wales and Queensland.

“The fall by 8.8 per cent in seasonally adjusted terms in Victorian owner-occupier home loan commitments reflects decreased housing market activity in July and August when COVID-19 restrictions were imposed.”

Mr Kelly said historically high loan commitments reflected low interest rates, improving consumer sentiment about purchasing a home particularly amongst first home buyers, and the HomeBuilder Government incentives, with approximately half of the rise in September’s owner-occupier housing loan commitments being for the construction of new dwellings.

“The value of loan commitments for investor housing rose 5.2 per cent for the month and 4.2 per cent for the year with New South Wales, Western Australia and Queensland driving the increase in commitments for investment housing in September," he said.

“The number of owner-occupier first home buyer loan commitments increased by 6.0 per cent for the month and 45.5 per cent for the year.

"This is the fourth consecutive monthly increase and is the highest level since October 2009 with all states and territories, apart from Victoria, Tasmania and the Northern Territory, displaying increases in owner-occupier first home buyers in September.”

“The sustained recovery in lending is encouraging and reflects the market response to the current conditions and improved borrowing conditions with an expected interest rate cut tomorrow."

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