

Media Release



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NEW LENDING REMAINS STRONG BUT FIRST HOME BUYER JITTERS ON THE RISE

The Real Estate Institute of Australia (REIA) said the latest ABS figures show the value of new loan commitments fell 4.4 per cent while investor loans dropped by 6.3 per cent as rising inflation and interest rates start to bite.

REIA President, Mr Hayden Groves said that while lending commitments fell, they are still above pre-pandemic levels with owner occupier loans 50 per cent higher and new investor loans 101 per cent higher.

“The total value remains at historically strong levels at \$31 billion,” he said.

Mr Groves said housing affordability remains a concern with the number of loan commitments to first home buyers falling by 8.0 per cent despite government incentives to stimulate this sector.

“REIA’s Housing Affordability Report showed that housing affordability declined over the March quarter of 2022, with the proportion of income required to meet loan repayments increasing to 37.3%, an increase of 0.2 percentage points and it is expected this trend will stabilise as housing price growth becomes more realistic.

Mr Groves said the fall in lending commitments coincides with the latest figures from CoreLogic which show declines in housing price growth in five of Australia’s capital cities along with many regional cities.

“Australia’s housing market recorded another decline in prices led by Sydney and Melbourne at -2.2 per cent and -1.5 per cent respectively.

“Given RBA’s assertive attempt to curb inflation by successive raising of interest rates, prices can be expected to stabilise after mammoth and unprecedented growth across the capital cities,” he said.

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Established in 1924, REIA is a federated body of State & Territory Real Estate Institutes representing 85% of Australian real estate agencies. We are a national advocate for the Australian real estate industry which is made up of 46,793 Australian businesses that employs 133,360 Australians. For more information visit www.reia.com.au