

For immediate release – 2 November 2022

LOAN COMMITMENTS PLUMMET FOR FOURTH MONTH IN A ROW

The Real Estate Institute of Australia (REIA) President, Mr Hayden Groves said the latest lending figures released by the Australian Bureau of Statistics (ABS) show the total value of new loan commitments for housing fell yet again recording a decrease of 8.2 per cent in September 2022.

“This is the fourth consecutive fall with owner occupier, investor and first home buyer loans all diminishing.

“The fall is more than double on the August figure where the total value of new loans dropped by 3.4 per cent, a reflection of higher interest rates and stabilising house prices.

“The ABS figures show the value of loan commitments in September remained well above pre-pandemic levels. Owner-occupier loans in September were 23 per cent higher than in February 2020, while investor loans were 60 per cent higher.

“These figures show housing values have remained relatively stable post-pandemic however housing affordability is becoming more critical as the number of new loan commitments to owner-occupier first home buyers fell 8.3 per cent in September 2022, following a rise in August of 10.4 per cent.

Mr Groves said the patterns in lending are consistent with what agents are experiencing on the ground.

“Listings are being hard fought with both investors and homeowners taking their time in making purchasing decisions.

“This is not dissimilar to pre-pandemic market conditions with activity still above what it was; however, the question remains will lending trends hit a plateau or continue to decline to even pre-pandemic levels.

“With the RBA signaling more rates rises to come if inflation is not kept in check we may very well see further declines in lending.”

Mr Groves added that building approvals are also down show the number of dwellings approved fell 5.8 per cent in September, in seasonally adjusted terms, following a 23.1 per cent increase in August, according to data released today by the Australian Bureau of Statistics (ABS).

“Less activity in both existing housing inventory and building approvals and completions is not a good sign for housing supply; and shows a need to get to work on the National Plan for Housing and Homelessness and the National Affordability and Supply Council.”

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