

Media Release



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LENDING VALUES FALL WITH WORSENING AFFORDABILITY OUTLOOK

The Real Estate Institute of Australia (REIA) President, Hayden Groves has urged RBA to exercise caution in regard to interest rate rises next week as the latest ABS lending figures show buyers are beginning to pull back .

According to the latest ABS figures, the value of total new loan commitments for housing fell 2.7 per cent in October 2022 (seasonally adjusted), while the value of owner-occupier refinancing between lenders fell 1.3 per cent.

Mr Groves said the number of new loan commitments is falling, coinciding with rising monthly mortgage repayments.

“The ABS figures show the number of new loan commitments to owner-occupier first home buyers fell 3.2 per cent in October 2022, after a revised fall of 4.0 per cent in September. First home buyer loans in October were 47 per cent below the January 2021 peak and are now similar to 2019 levels.

“The value of new owner-occupier loan commitments fell 2.9 per cent in October, while the value of new investor loan commitments fell 2.2 per cent. This month’s fall continued the decline from record high levels seen earlier this year, although commitments remain above pre-pandemic levels.

“The ABS figures show monthly owner-occupier refinancing between lenders has remained above \$12 billion since June 2022, well above pre-pandemic values. ”

Mr Groves said the reality is while house prices are decreasing from record highs over 2020 and 2021, affordability is getting worse for existing homeowners, first time buyers and renters which is directly attributable to inflation and interest rates.

“The best possible move for the RBA to take is to hold the cash rate and provide Australians with some certainty in the run in to Christmas. The better-than-expected CPI results this week should provide our monetary policy makers the comfort to do so.”

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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