

Media Release



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RATE RISES BITE LENDERS

The Real Estate Institute of Australia (REIA) President, Hayden Groves said the ABS Lending figures for May 2023 demonstrates that interest rate rises are hurting owner occupiers, investors, and first-time buyers with many seeking to refinance.

According to Mr Groves, the latest ABS lending figures show that for owner occupiers and investors alike, external refinancing has grown considerably.

“Owner occupier refinancing reached a new high at \$14.1 billion – 21 per cent higher than a year ago.

“Refinancing for investor housing rose 7.2 per cent to \$6.8 billion and was 25.6 per cent higher than a year ago.

“Clearly, home buyers and investors are being heavily affected by interest rate hikes and inflation and are seeking new conditions,” he said.

Mr Groves said the value of new housing loan commitments for May, 2023 rose 4.8 per cent to \$24.9 billion but was still 20.5 cent lower than a year ago.

“Investor housing rose 6.2 per cent in May but was also well down from a year ago,” he said.

“It was good news to see a rise in loans to first home buyers with commitments rising by 2.7% after a fall of 0.3 per cent but it still 17.4% lower than a year ago, despite increased government support,” he said.

Mr Groves said that while new loans remain somewhat subdued, it was welcoming news to see the ABS report an increase in the number of dwellings that have been approved.

“The total number of dwellings approved rose 20.6 per cent in May, in seasonally adjusted terms, following a 6.8 per cent decrease in April, the latest data released by the ABS found.

“12 cash rate rises have been instrumental in the slowdown in first home buyer and investor activity which is increasingly impacting housing affordability.”

Mr Groves said that with inflation back in target range, the RBA should pause rate rises and all eyes will be on their decision tomorrow.

“Last week’s CPI shows inflation is abating and that a pause in rate rises would be sensible.”

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