

Media release

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Improvement in housing finance continues

Australian Bureau of Statistics (ABS) housing finance figures for October 2011 show in trend terms that, following half a year of consecutive decreases, the number of finance commitments increased marginally for the sixth consecutive month; the October increase was 0.7 per cent.

“In trend terms, increases were recorded in all states and territories except Victoria, the Australian Capital Territory and Tasmania. New South Wales recorded the largest increase, up 1.5 per cent,” said Real Estate Institute of Australia (REIA) President Ms Pamela Bennett.

“Increases were evident for the purchase of established dwellings (up 0.9 per cent in trend terms) and the purchase of new dwellings (up 0.4 per cent in trend terms) whilst the number of commitments for the construction of dwellings fell by 0.5 per cent in trend terms,” she continued.

“The upturn in lending commitments reflects stability in interest rates and the housing market as well as increased competition among lenders,” she said.

The number of first home buyers, as a percentage of total owner occupied housing commitments increased to 17.9 per cent in October compared to 16.4 per cent in September. Although this proportion is well below the long-run average of 20.1 per cent and dramatically down from the 28.5 per cent level of April 2009, we are seeing a slow return of first home buyers to the market.

Contributing to the overall increase in first home buyers were increase of 23 per cent in Victoria and 17 per cent in New South Wales and Queensland.

The value of investment housing commitments was flat (in trend terms) in October after three months of increases, following fourteen consecutive months of falls.

“After the two interest rate cuts in November and December, the latest figures show that buyers are gradually returning to the market and we should expect modest increases to continue,” concluded Ms Bennett”.

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