

Media release

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Renters benefitting in a moderating housing market

The latest housing finance figures released today by the Australian Bureau of Statistics (ABS) reflect continued declining lending activity.

The Real Estate Institute of Australia (REIA) says the figures for July 2015 show, in trend terms, that the number of owner-occupied finance commitments fell by 0.2 per cent. This fall is the fourth consecutive monthly fall and follows eleven months of increases. If refinancing is excluded, in trend terms for July, the number of owner-occupied finance commitments fell by 0.2 per cent.

REIA President, Neville Sanders says, “Decreases were recorded in all states and territories except Queensland, South Australia and New South Wales. The largest decrease was recorded in the Northern Territory – down 3.7 per cent – and the largest increase was in New South Wales – up 0.4 per cent.”

“In trend terms, the number of new dwellings purchase commitments increased by 0.5 per cent while new dwelling construction decreased by 0.9 per cent and the purchase of established dwellings decreased by 0.1 per cent.

“Whilst the value of investment housing commitments again increased it was by a very modest 0.1 per cent.”

“Renters are seeing the benefit of the past increased investor activity with vacancy rates increasing in most of the capital cities. From REIA’s Real Estate Market Facts, also released today, we see that with the increase in the supply of rental properties the weighted average vacancy rate for the eight capital cities increased to 2.9 per cent for the June 2015 quarter, the highest since December 2004”.

“The increase in vacancy rates is being reflected in declining rents with the median rent for two bedroom units decreasing in Sydney, Melbourne, Brisbane, Perth, Darwin and Canberra in the June quarter of 2015”.

“The proportion of first home buyers, as part of the total owner-occupied housing finance commitments, decreased to 15.4 per cent compared to 15.8 per cent in June.

“The lending figures indicate a market that is moderating, including the hotspots of Sydney and Melbourne, with July 2015 being the sixth consecutive month of modest drops in lending levels if refinancing is excluded,” concluded Mr Sanders.

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