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July Housing Finance Continues COVID Rollercoaster

Following the historic fall in the value of loans in May, the July 2020 Lending to Households and Business figures released today by the Australian Bureau of Statistics show the value of new loan commitments for housing grew for the second consecutive month, according to the Real Estate Institute of Australia (REIA).

“The seasonally adjusted value of new loan commitments for owner occupier housing rose 10.7 per cent in July and 18.5 per cent for the year with the rise seen in all states and territories except the ACT, with the largest increases in New South Wales, Victoria and Queensland,” said Adrian Kelly, President of the Real Estate Institute of Australia.

“This is the largest monthly increase in the history of the series and reflects the easing of social distancing restrictions following the first wave of COVID-19.”

“There was a strong increase in loan commitments for the purchase of residential land in the month reflecting the uptake of the Government’s HomeBuilder initiative to boost building activity.”

“The value of new loan commitments for investor housing rose by 3.5 per cent. This is, however, a fall of 5.1 per cent for the year. The July increases can be attributed to NSW, WA and SA while Victoria fell.

“The number of owner occupier first home buyer loan commitments increased by 14.4 per cent for July and 24.3 per cent for the year in seasonally adjusted terms with all states and territories showing increases. First home buyer loan commitments now account for 32.5% of all owner occupier commitments.”

“The recovery in lending is not unexpected with restrictions on movements easing throughout the month, but the roller coaster will continue with further restrictions in Australia’s second largest market of Melbourne in August and September,” concluded Mr Kelly.

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The Real Estate Institute of Australia (REIA) is the national professional association for real estate agents in Australia.

For further information or to speak with REIA President Adrian Kelly please contact Samantha Elley via media@reia.com.au or 0413 986 068.