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August Housing Finance Show Largest Ever Monthly Increase, impacts from Victoria's Stage 4 yet to be seen

Following the historic fall in the value of loans in May, the August 2020 Lending to Households and Business figures released today by the Australian Bureau of Statistics show that the value of new loan commitments for housing grew for the third 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 12.6 per cent in August and 19.3 per cent for the year, with the rise seen in all states and territories, except the Northern Territory,” said Adrian Kelly, President of the Real Estate Institute of Australia.

“The largest increases in the value of new loan commitments were in Victoria, Queensland and New South Wales.

“Whilst this is the largest monthly increase in the history of the series, some caution in the interpretation in the month-to-month comparisons is required, as ABS points out that commitments in August reflect customer demand in earlier months, with lenders reporting that current processing times mean that August finance commitments reflect customer demand in June and early July, prior to Victoria imposing stage 3 and stage 4 restrictions.

“The value of loan commitments for investor housing rose 9.3 per cent for the month but down 4.6 per cent for the year with Queensland and Victoria driving the increase in commitments for investment housing in August.

“The number of owner-occupier first home buyer loan commitments increased by 17.7 per cent for the month.

“This is the third consecutive monthly increase and is the highest level since October 2009.”

“All states and territories, apart from Northern Territory, displayed rises in owner-occupier first home buyers in August.

“The recovery in lending is encouraging and reflects the earlier easing in restrictions on movements and subsequent market response but does not yet reflect the impact of second wave restrictions in Australia's second-largest market of Melbourne,” concluded Mr Kelly.

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