

For immediate release

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HOUSING FINANCE RECORDS CONTINUE TO TUMBLE IN 2021

The January 2021 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 eighth consecutive month and reached another record high, according to the Real Estate Institute of Australia (REIA).

“The seasonally adjusted value of new loan commitments for owner occupier housing rose 10.5 per cent in January and 44.3 per cent for the twelve months, rises being seen in all states and territories with the exception of the Northern Territory,” said Adrian Kelly, President of the Real Estate Institute of Australia.

“The value of new loan commitments to owner occupiers rose 10.9 per cent, the largest monthly increase since August 2020.

“Loans to investors also increased for the eighth consecutive month with the value of loan commitments for investor housing increasing by 9.4 per cent for the month, the largest rise since September 2016, and 22.7 per cent for the year on the back of improving rental market conditions. The largest increase in the value of new loan commitments to investors was in Victoria with an increase of 12.9 per cent in January.

“The number of owner occupier first home buyer loan commitments increased by 9.6 per cent for the month and is 70.8 per cent higher than twelve months earlier. This is the highest level since May 2009, when the Commonwealth Government’s response to the GFC included the temporary increase in the first home-owner grant.

Owner occupier first home buyer loan commitments accounted for 36.5 per cent of all owner occupier commitments excluding refinancing.

“The increased activity by investors, first home buyers and owner occupiers in the market shown in the January lending figures is impacting on prices and affordability. REIA’s Housing Affordability Report which will be released on the 3rd of March will examine this,” concluded Mr Kelly.

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