

**Value of New Loans**

The value of new home loans (excluding refinancing) rose a seasonally adjusted 0.6% in September, slightly less than the 1.0% consensus.

The increase in September followed an upwardly revised gain in the previous month (2.4% against the 2.2% estimated initially).

Despite back-to-back increases, new home loans remain 4.7% down through the year.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	-0.1	-8.4
Investor	2.0	2.6
Total	0.6	-4.7

The September increase was led by investor loans, which picked up by 2.0% and were 2.6% higher than a year ago. Owner occupier loans saw a 0.1% decline, but loans to owner occupier first home buyers rose 1.4%.

**Number of New Loans to Owner Occupiers**

The number of new construction home loans rose 2.6%, while loans for the purchase of newly built homes (-0.4%) and established dwellings (-0.3%) declined.

Despite the increase in September, construction loans were down by 27.5% over the year and remain close to the record low from July.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	2.6	-27.5
Newly Built	-0.4	-7.4
Established Houses	-0.3	-5.2

**Average Loan Size, Loan Types and Refinancing**

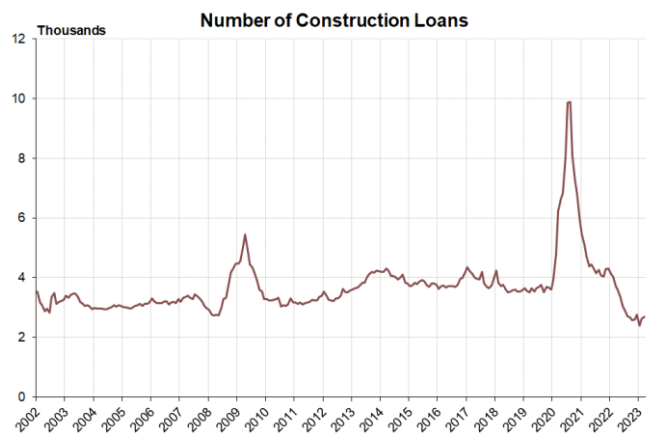
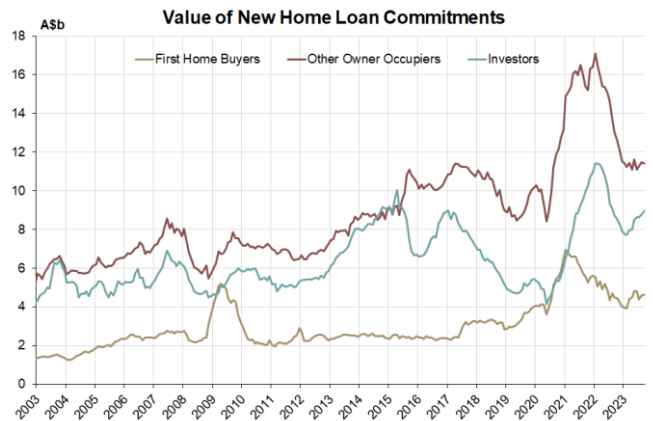
The average loan size to owner occupiers (unadjusted) rose to A\$599k from A\$585k in the previous month, with increases in all mainland states but Western Australia. The average loan size in Western Australia was broadly unchanged at A\$475k.

The total value of external loan refinancing fell further, both for owner-occupiers and investors, but remained close to their historical highs.

**States**

The value of new home loans to owner-occupiers declined in all states except for Victoria and Queensland, with Western Australia seeing declines of 3.0% MoM and 8.0% YoY.

New Home Loans Value, %	MoM	YoY
Western Australia	-3.0	-8.0
New South Wales	-0.2	-4.8
Victoria	3.6	-7.7
Queensland	0.4	-6.4
South Australia	-5.4	-7.2
Tasmania	-7.2	-18.1



**Comment**

The value of new home loans picked up again in September, driven by investor loans and commitments to owner occupier first home buyers. Other owner occupiers saw a 0.7% decline.

The ongoing uptrend in new home loans since February for both owner-occupiers and investors confirms the sustained demand for housing, despite the significant increase in mortgage rates over the past year. This demand is being fed by the sharp rise in immigration.

Construction loans remain the weak spot in this recovery, which confirms that the problem of insufficient housing supply is unlikely to be resolved soon.

The recovery in new home loan values and limited supply is reflected in the sustained increase in Aussie house prices. The CoreLogic home value index for the combined capital cities rose another 0.9% in October, with Perth seeing the strongest increase of 1.6%.

If it occurs, the highly anticipated (and likely) RBA interest rate hike next week will be an added test for home loan demand.

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