

## Economic Analysis

### Value of New Loans

The value of new home loans (excluding refinancing) fell a seasonally adjusted 1.0% in June, against market expectations of a 1.8% increase. This followed a 5.4% rise in May.

The annual rate of decline eased further, to 18.2% from 20.5% in May.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	-2.8	-19.9
Investor	2.6	-15.0
Total	-1.0	-18.2

The fall in new home loans was driven by owner occupiers (-2.8%), more specifically by owner occupiers other than first home buyers (-3.9%). Loans to first home buyers (0.2%) and investors (2.6%) continued to climb.

### Number of New Loans to Owner Occupiers

The number of new home loans fell 3.0%, with renewed declines in loans for newly built homes (-1.9%) and established houses (-4.2%).

The number of construction loans rose 6.1%, picking up from the record low reached in May. Despite this, construction loans are down 35.8% through the year and remain depressed by historical standards.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	6.1	-35.8
Newly Built	-1.9	-11.2
Established Houses	-4.2	-13.3

### Average Loan Size, Loan Types and Refinancing

The average loan size to owner occupiers (unadjusted) declined to \$580k from \$585k in May. The average loan size in Western Australia was broadly unchanged at \$473k.

Refinancing activity declined but remained strong. The value of owner-occupier loan refinancing fell 2.4%, while investor refinancing dropped 4.6%. However, they remained close to their record highs reached in March.

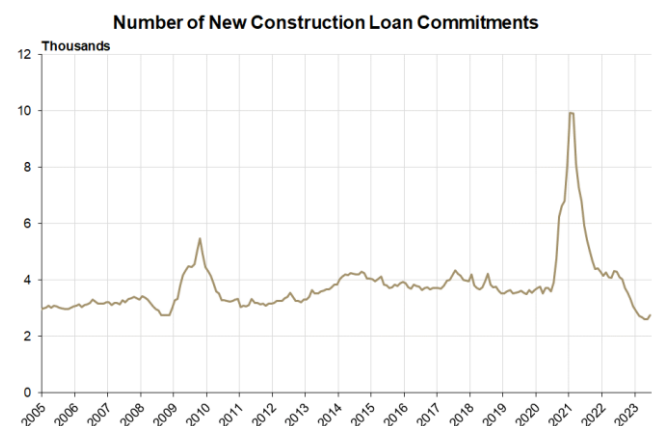
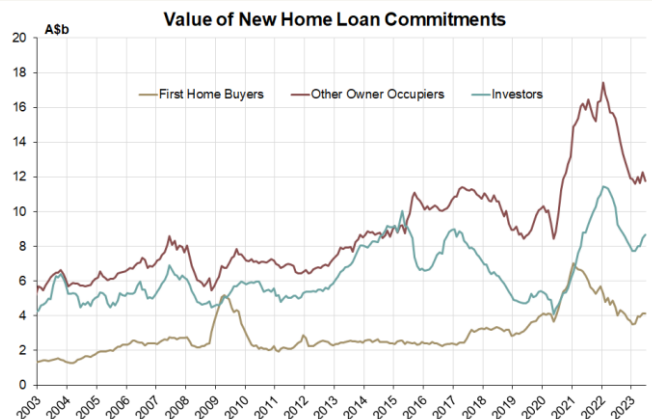
### States

The value of new home loans fell in all states but Queensland and Western Australia. The strongest decline was registered for Tasmania.

Western Australian new home loans were flat in June and 10.0% down through the year. This is the slowest pace of annual decline of all states.

New Home Loans Value, %	MoM	YoY
Western Australia	0.0	-10.0
New South Wales	-3.9	-19.0
Victoria	-1.4	-22.1
Queensland	0.6	-16.8
South Australia	-3.3	-20.6
Tasmania	-12.6	-17.8

## Housing Finance June 2023



### Comment

Despite the decline in the headline number, the June housing finance report was quite solid, with further increases in the relatively sensitive loans to first home buyers and investors. The strong demand for housing is being partly fuelled by the sharp rise in immigration.

Ongoing solid demand for housing is met by the structural undersupply. While new construction loans picked up from a record low, they remain depressed by historical standards. A separate set of data showed renewed decline in dwelling approvals in June.

Given the above, house prices continue to climb. According to the CoreLogic report, also released this morning, house prices picked up by another 0.7% in July, following a 1.1% rise in June.

The strongest increases in house prices were reported for Brisbane and Adelaide (1.4%), while Perth home prices rose by 1.0% to a new record high. Sydney and Melbourne, which were driving home price increases nationwide in the previous months, underperformed.

The rise in house prices occurred despite the RBA tightening translating into higher mortgage rates. The structural undersupply appears likely to continue supporting house prices going forward.

1 AUGUST 2023

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