

Housing Finance September 2024

Value of New Loans

The value of new home loans (excluding refinancing) declined by 0.3% in September, against the market expectations of a 1.0% increase. This came after an upwardly revised 2.1% gain in August (originally 1.0%).

The annual rate of growth slowed but remained at a solid 18.9%.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	0.1	13.1
Investor	-1.0	29.5
Total	-0.3	18.9

The September decline came amid a 1.0% fall in investor loans, while loans to owner occupiers saw a marginal 0.1% gain. Loans to owner occupier first home buyers dropped by 3.3%, which was more than offset by a 1.5% gain in other owner occupier loans.

Number of New Loans to Owner Occupiers

There were declines in the number of new home loans to owner occupiers across all the major categories.

The strongest decline was registered for the already weak construction loans. The number of loans for newly built and established houses both fell 0.1%. The annual rate of growth for newly built homes has turned negative.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	-0.4	7.0
Newly Built	-0.1	-0.4
Established Houses	-0.1	4.1

Average Loan Size and External Refinancing

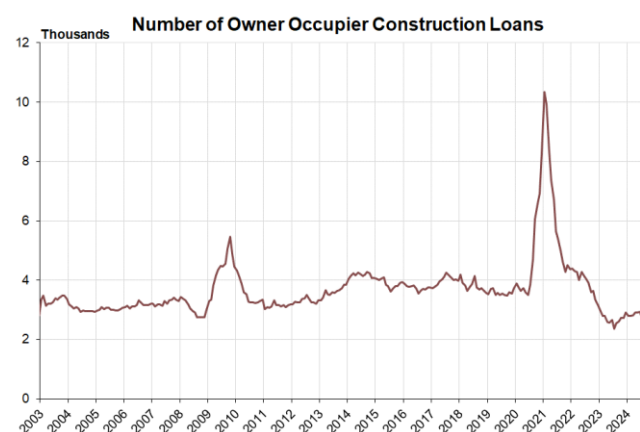
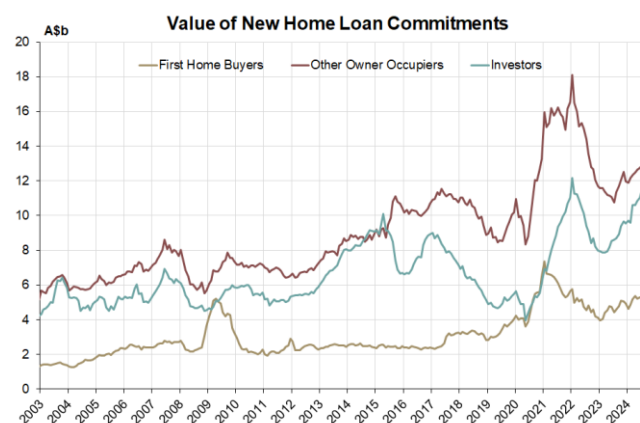
The average new loan size to owner occupiers (unadjusted) reached a new record high of A\$642k. In Western Australia, the average loan size picked up to 559k, although this below the 567k recorded for June.

The value of external refinancing picked up by 2.1% but remained 23.1% off its record high from March 2023.

States

The outcomes for the value of new home loans to owner occupiers were mixed across the states. There were declines in Queensland, Victoria and South Australia, while other states saw increases. This included Western Australia, where the value of new home loans rose 3.6% in the month and 31.9% YoY which was the most of all the states.

New Home Loans Value, %	MoM	YoY
Western Australia	3.6	31.9
New South Wales	0.1	9.0
Victoria	-0.9	6.1
Queensland	-1.7	24.6
South Australia	-1.0	13.1
Tasmania	3.3	20.4



Comment

Despite the slight decline in the value of new home loans, the report still pointed to strong demand for housing. Looking through the temporary volatilities, the trend estimate of new home loans climbed by 0.6% in September, with a 0.5% gain in owner occupier loans and a 0.7% increase in investor loans.

The strong labour market conditions and solid wage growth continue to support the lending capacity of Australian households, despite the high level of house prices.

Earlier today, we received an update on home price developments from CoreLogic. According to the report, home prices rose by 0.2% across the capital cities and 0.3% nationally in October. This is somewhat slower than in previous months, with annual growth falling to 6.0%.

The slowdown in the aggregate price growth in October came as home prices declined by 0.1% in Sydney and 0.2% in Melbourne. Other capital cities continued to register gains, albeit somewhat smaller than in the previous months. Perth home price growth of 1.4% in the month and 22.6% YoY remains the fastest of the capital cities, taking the median home value to A\$804k, compared to the capital city median of A\$895k.

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