

Economic Analysis

Value of New Loans

The value of new home loans (excluding refinancing) fell a seasonally adjusted 3.7% in November, which was more than the 2.0% envisaged by the market consensus. This followed a 2.8% decline in October (revised from -2.7%).

New home loans are now 24.3% lower than a year ago and 26.0% off their record high from January 2022. However, they remain 26.3% higher than just before the pandemic (January 2020).

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	-3.8	-24.8
Investor	-3.6	-23.2
Total	-3.7	-24.3

The fall in new home loans in November was again broad-based, with all borrower groups seeing a decline both in monthly and annual terms.

Owner-occupier loans fell 3.8%, to be down 24.8% through the year, but still 16.1% above the January 2020 level.

Loans to first home buyers dropped 5.7% and were the only group to see a decline from January 2020.

Loans to other owner occupiers declined by 3.2% in November, but were still 23.8% higher than just before the start of the pandemic.

Loans to investors fell by 3.7%, but were 55.6% higher than in January 2020.

Number of New Loans to Owner Occupiers

The number of new home loans to owner occupiers fell 2.0% in November, to be the lowest since June 2020, with declines across all the major loan categories.

Newly built homes saw the largest decline (-8.1%), followed by construction loans (-6.3%), which reached the lowest level since early 2013.

Established houses, by far the largest category, ebbed by just 0.7% in the month, to be the lowest since mid-2020.

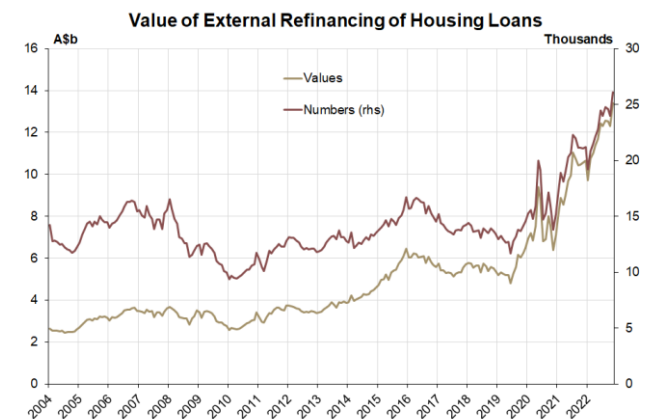
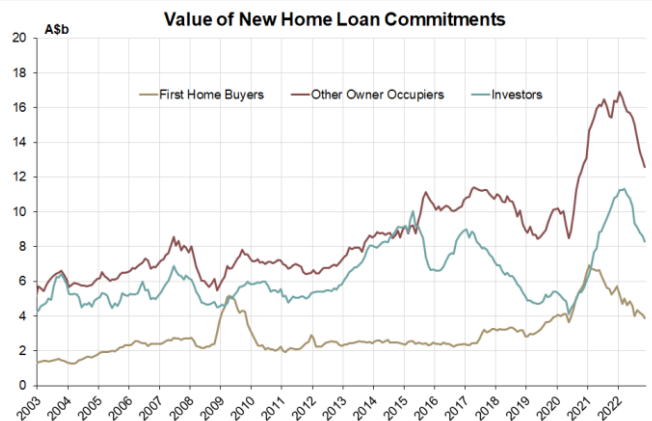
Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	-6.3	-25.3
Newly Built	-8.1	-25.0
Established Houses	-0.7	-24.9

Average Loan Size, Loan Types and Refinancing

The average loan size rose to A\$602k from A\$595k, with Victoria being the only mainland state to see a decline.

Refinancing reached fresh record highs in November, as borrowers continued to shop around for lower mortgage rates amid RBA monetary policy tightening.

Housing Finance November 2022



States

New home loans declined across all states, with Victoria seeing the largest decline in the month.

Western Australian new home loans fell 3.9% in November, to be 17.2% lower than a year ago but remained 47.0% above the pre-pandemic levels.

New Home Loans Value, %	MoM	YoY
Western Australia	-3.9	-17.2
New South Wales	-3.4	-31.1
Victoria	-6.0	-27.3
Queensland	-2.1	-20.7
South Australia	-1.9	-17.0
Tasmania	-4.6	-11.3

Comment

The softening in the housing market continues, as higher interest rates continue to deter potential home buyers and put downward pressure on house prices.

The housing market is set to soften further, as monetary policy continues to be tightened. The negative impacts of tightening are still being offset by strong labour market conditions and the associated growth in household income.

13 JANUARY 2023

Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.