

Economic Analysis

Value of New Loans

The value of new home loans (excluding refinancing) declined a seasonally adjusted 0.9% in February, less than the 1.5% expected by the markets. The pace of decline was slower than in the previous month (-2.4%, revised from -5.3%).

Due to a lower base from the previous year, the annual rate of decline slowed marginally to 30.9%, from a record 32.6% in the previous month (revised from -36.5%).

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	-1.2	-30.0
Investor	-0.5	-32.6
Total	-0.9	-30.9

Within the detail, owner-occupier loans declined by another 1.2%, also less than in the previous months, with loans to first home buyers rising by 0.9%. Loan consents for other owner occupiers fell by 1.8%.

New investor loans ebbed by 0.5%, which was the slowest pace of decline since March 2022, just before the RBA started the current tightening cycle.

Number of New Loans to Owner Occupiers

The number of dwelling approvals declined by 1.6%, which was the slowest pace of decline since April 2022.

The decline was led by construction loans (-4.8%), but the largest contribution came from a 1.2% fall in loans for the purchase of established houses, which is by far the largest category. The decline in the pace of resales accelerated from the previous month (-0.8%).

The number of loans for newly built houses saw the slowest decline in five months of 0.8%.

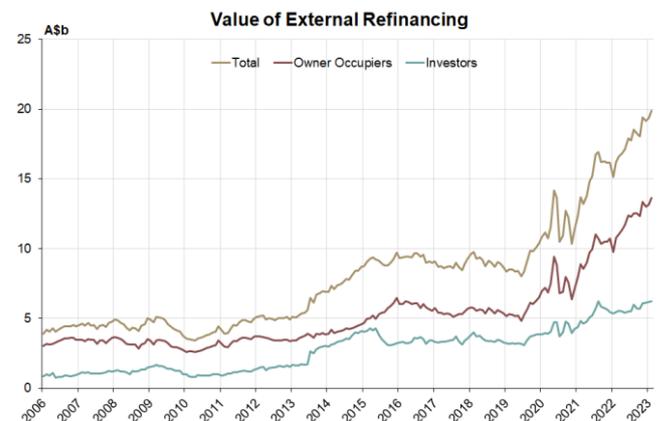
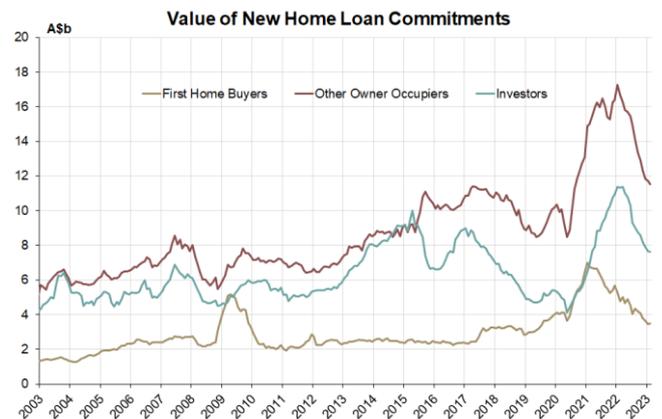
Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	-4.8	-36.0
Newly Built	-0.8	-26.5
Established Houses	-1.2	-28.0

Average Loan Size, Loan Types and Refinancing

The average loan size to owner occupiers dropped to A\$586k from A\$601k in the previous month. However, it is still 22% higher than the pre-pandemic average in February 2020. Western Australia was the only state to record a slight increase in the average loan size (to A\$480k from A\$478k in January).

As households continue to shop for lower mortgage rates, the value of loan refinancing rose 2.7% to a new record high of A\$19.9b. The increase was broad-based (+3.5% for owner occupiers and 1.0% for investors; in both cases it also reached a record high).

Housing Finance February 2023



States

The data on new home loans were mixed across the individual states. New South Wales and Victoria saw increases, of 6.5% and 2.3% respectively, while the other states saw a decline.

Western Australian new home loans to owner occupiers fell by 2.5%, while loans to investors rose by 3.5%.

New Home Loans Value, %	MoM	YoY
Western Australia	-2.5	-26.5
New South Wales	6.5	-30.0
Victoria	2.3	-34.3
Queensland	-3.5	-25.4
South Australia	-2.2	-20.5
Tasmania	-5.1	-16.8

Comment

February saw a slowdown in the pace of decline in new home loans, which was followed by a rise in home prices in March. However, as the cash rate will likely remain elevated for some time, further softening in the housing market should be expected in the months ahead.

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