

### Value of New Loans

The value of new home loans (excluding refinancing) fell a seasonally adjusted 8.5% in July, following a 4.4% decline in the previous month. The market consensus was for a 2.5% decline in July.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	-7.0	-15.9
Investor	-11.2	0.0
Total	-8.5	-11.3

The decline was again broad-based across loan applicant groups.

Owner occupier loans fell by 7.0% in the month, to be down 15.9% through the year. Declines were recorded for first home buyers (-9.5% MoM) as well as other owner occupiers (-6.3%).

Lending to investors dropped by 11.2% and was flat compared to the corresponding period of the previous year.

The average loan size for owner occupier dwellings ebbed 0.1% in the month to \$609k. Declines were recorded in all mainland states but Victoria.

Unadjusted data suggests that variable rate loans are increasingly popular compared to fixed rate loans, both for first home buyers and other loan applicant groups.

### Number of New Loans to Owner Occupiers

The number of new loans to owner occupiers fell by 5.8% in July.

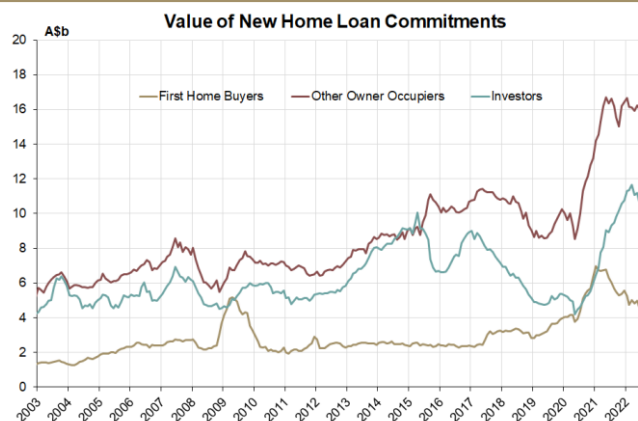
There were significant declines in loans for house construction (-6.6%) and established houses (-6.3%). Meanwhile, newly built houses saw an increase of 1.9%, following a significant decline in the previous month.

Loan consents are sharply lower from a year ago across all three categories.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	-6.6	-25.0
Newly Built	1.9	-29.9
Established Houses	-6.3	-19.9

### Refinancing

The value (-1.9%) and the number (-0.2%) of owner-occupier refinancing fell from record highs. However, refinancing remains at high levels by historical standards as borrowers, faced with higher mortgage rates, shop around for better loan offers.



### States

The value of new home loans to owner occupiers declined in all states.

South Australia saw the strongest decline of 10.1% following four consecutive months of increases. Tasmania saw the smallest decline of 1.8%.

The value of Western Australian new home loans declined 7.2%, to be down by 13.3% YoY. Despite the recent declines, home loans are still well above pre-COVID levels and 52.5% higher than in December 2019, which by far is the strongest gain of all states.

New Home Loans Value, %	MoM	YoY
Western Australia	-7.2	-13.3
New South Wales	-5.5	-22.7
Victoria	-6.0	-15.1
Queensland	-9.6	-10.7
South Australia	-10.1	-1.9
Tasmania	-1.8	-2.0

### Comment

Despite the ongoing normalisation, home lending activity remains elevated. The value of new home loans is still 62% above the 2019 average, the last COVID-free year. However, the housing market conditions are undoubtedly easing, as the RBA continues to raise interest rates. A separate set of data released today showed the strongest monthly decline in house prices since 1983 (-1.6%). In contrast to the previous months, house prices fell across all state capital cities. Prices continue to fall sharply in Sydney and Melbourne, and now Brisbane, though the declines were relatively small in Perth and Adelaide.

We should expect the continuation of these trends as monetary policy tightening continues.

1 SEPTEMBER 2022

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