

Economic Analysis

Value of New Loans

The value of new home loans (excluding refinancing) fell a seasonally adjusted 5.3% in January (mkt exp.: -3.0%), following a 4.3% fall in December.

This was the 12th consecutive drop in the value of new home loans, with the 35% annual decline the biggest in the series that goes back to 2002.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	-4.9	-35.1
Investor	-6.0	-34.8
Total	-5.3	-35.0

Within the detail, owner-occupier loans slipped 4.9% and have fallen in 11 of the past 12 months, with the only increase being a small 0.7% rise in May last year.

Within the owner-occupier segment, loans to first homebuyers dropped 7.4%, to be down 36.5% on a year earlier and at the lowest level in five years.

New investor loans fell for the 10th month in a row, sliding 6.0%.

Number of New Loans to Owner Occupiers

The number of new home loans to owner occupiers for the construction of a new home fell 8.1%, to the lowest level since November 2008.

Resales also remained under downward pressure with loans for established homes, by far the largest segment of the market, dropping 4.8%.

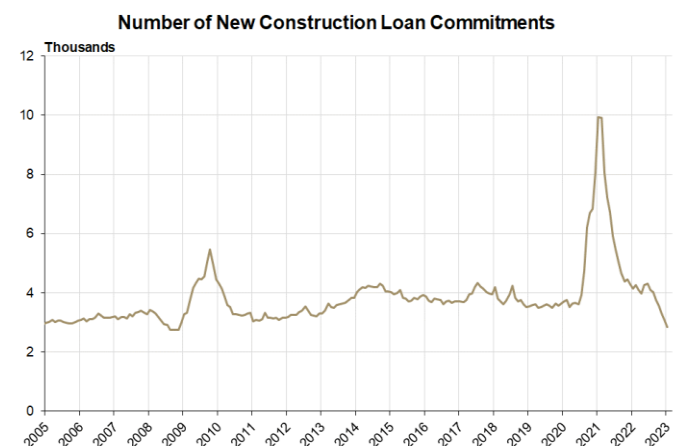
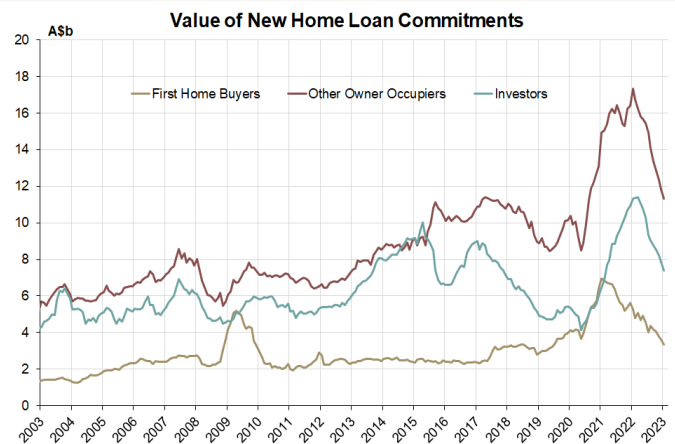
Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	-8.1	-31.5
Newly Built	-8.6	-28.8
Established Houses	-4.8	-34.3

Average Loan Size, Loan Types and Refinancing

The average loan size to owner occupiers fell slightly to 604k but was still 25.2% higher than the pre-pandemic average in February 2020. The average loan size increased in New South Wales, Victoria, Queensland and South Australia but fell elsewhere. The average loan size in Western Australia slipped 13.6k to \$478.5k.

The value of owner occupier loan refinancing slipped 1.9% but remained close to record highs, as borrowers continued to shop around for lower mortgage rates amid RBA interest rate hikes.

Housing Finance January 2023



States

New home loans to owner occupiers fell across all states, with annual loan growth also negative.

Western Australian new home loans saw a 1.7% decline, the smallest of all mainland states, to be 46.1% above the pre-pandemic level.

New Home Loans Value, %	MoM	YoY
Western Australia	-5.4	-25.2
New South Wales	-7.1	-40.1
Victoria	-9.8	-39.0
Queensland	-3.5	-26.3
South Australia	-4.2	-23.2
Tasmania	-4.6	-11.6

Comment

Higher interest rates continue to weigh on the demand for new home loans. The housing market is set to soften further, as monetary policy continues to be tightened, with another 25bps hike expected next week.

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