

2 August 2022

Australian housing finance rolls over: take #3 Owner-occ. -3.3%^{mth}, -9.6%^{yr}; Investors: -6.3%^{mth}, 17.3%^{yr} Total value approvals: -4.4%^{mth}, -2.0%^{yr} (all ex refi)

- Housing finance approvals weakened sharply in June, a 4.4% decline more than reversing a surprise 1.8% rise in May. The June result was softer than the market forecast of a 3% fall, more in line with Westpac's -5%. Even sharper falls in the value of property sales since the start of the year point to more significant declines to come.

- The expected downturn in new finance approvals has had a couple of false starts now – a 2.8% dip in Feb followed by a 1.6% lift in March and a 2.8% decline in April followed by a 1.8% gain in May. In both cases, falls were initially reported as significantly larger (-3.7% and -6.4% respectively) only to be pared back in subsequent revisions. The June decline looks a little more convincing given the accelerating correction in housing markets evident in other data releases this week (see [here](#)). Indeed, the total value of sales – the number of sales multiplied by the mean sales price – is down over 20% since the end of last year. While turnover estimates are subject to revision, the figures suggest finance approvals have a some significant falls ahead.

- The June month detail showed falls across both owner occupier and investor segments, the latter bigger in percent change terms (-6.3% vs -3.3%) but the declines almost identical in dollar value terms.

- Within the owner occupier segment, loans for established dwellings showed a slightly bigger 4.4% fall while loans for construction and for the purchase of newly built dwellings were steadier (up 2.2% and down 2.7% respectively).

- First home buyers were at the epicentre of the June fall, the value of loans to this segment down 10% in the month and down 29%^{yr}. This sits in stark contrast to 'upgrader' loans, down just 1.3%^{mth} and 2.1%^{yr}.

- The state breakdown showed bigger declines in WA (-6.3%), Vic (-5.9%) and NSW (-5.3%) with Qld down just 0.9% and SA up 0.5%. The decline in investor loans has been particularly steep in NSW and Qld.

- The ABS previously advised that the timing of public and school holidays disrupted approvals in previous months, with delays in April and a 'catch-up' in May. That is likely concealing a turning point in activity. With RBA rate hikes and the associated housing downturn intensifying through July, and more set to come, this correction phase should become clearer in the finance approvals data over the September quarter.

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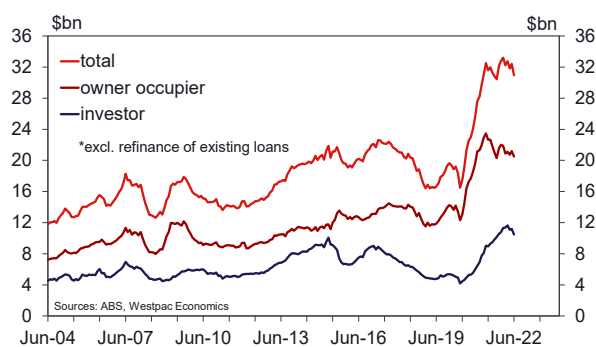
Housing finance: June 2022

	latest	%chg mth		% chg yr	
		May	Jun	May	Jun
Owner-occupiers ('000s)	31.2	3.0	-2.6	-18.0	-19.2
Owner-occupiers (\$bn)	20.5	2.2	-3.3	-9.6	-9.6
Investors (\$bn)	10.5	0.9	-6.3	23.7	17.3
Total housing finance (\$bn)	31.0	1.8	-4.4	-0.4	-2.0
Refinance (\$bn)	18.2	3.1	6.2	16.6	17.8
Total incl. refinance (\$bn)	49.1	2.2	-0.7	4.9	4.5

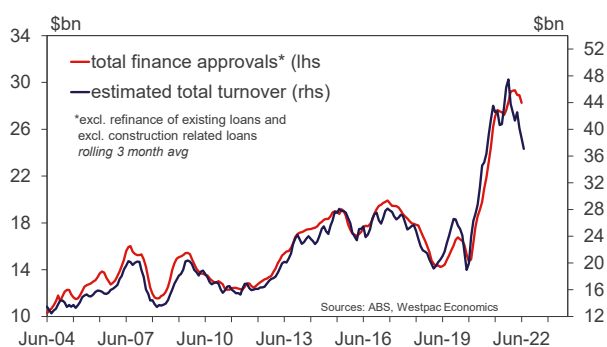
Other indicators [^]	avg [^]	Apr	May	Jun	Jul [^]
Auction clearance rate %	64.7	64.9	62.6	59.5	58.3

^{*} unless specified, all figures exclude refinance. Where specified, refinance is 'external' only, i.e. with a new lender; [^] seasonally adjusted by Westpac; avg is last 10yrs
Sources: ABS, CoreLogic, APM, Westpac Economics

New finance approvals by segment

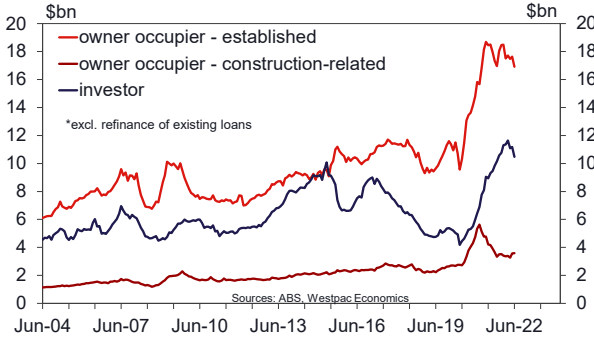


New finance approvals vs value of sales

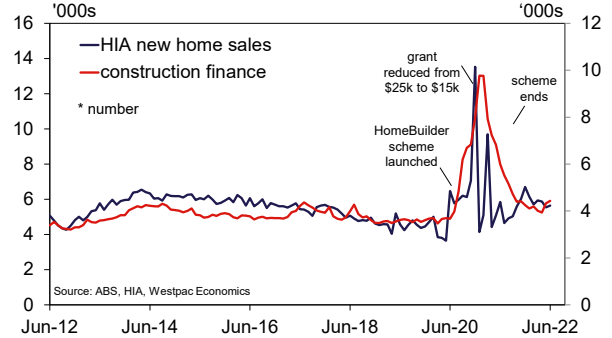


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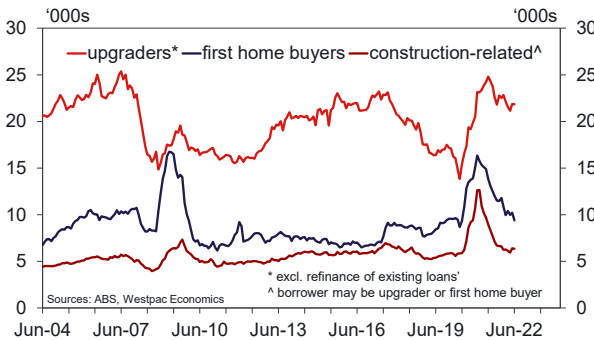
New finance approvals by detailed segment



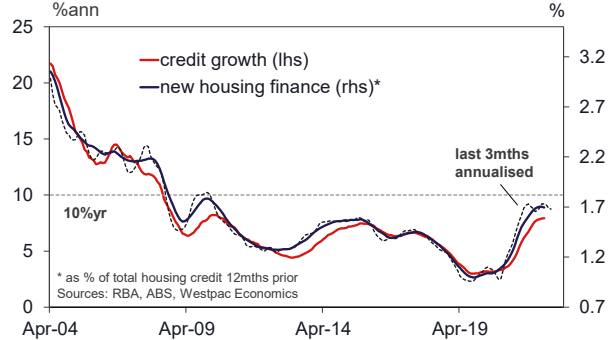
HIA new home sales vs finance approvals



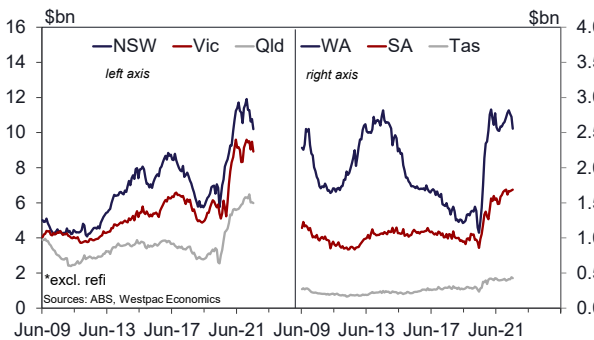
Owner occupier finance approvals (number)



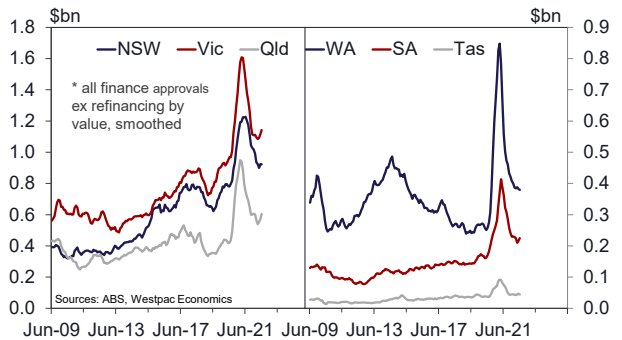
Housing credit vs new finance approvals



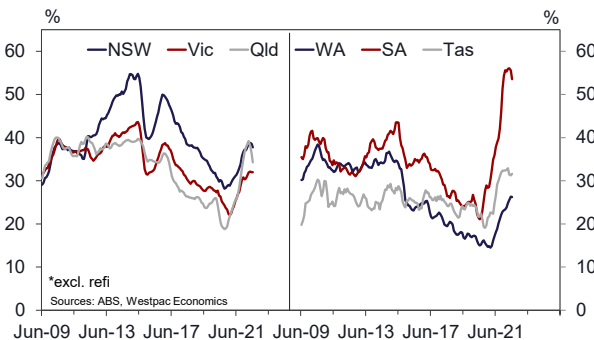
Housing finance by state: total value



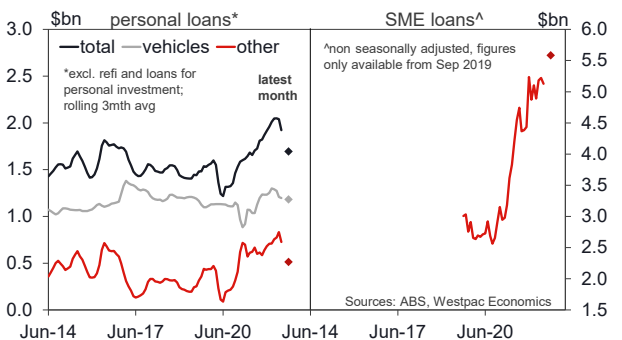
Owner-occupier purchase newly built by state



Housing finance by state: investor share of loans



Other lending: personal finance and SME loans



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