

4 October 2022

Australian housing finance: cycling lower Owner-occ. -2.7%^{mth}, -15.1%^{yr}; Investors: -4.8%^{mth}, -6.4%^{yr} Total value approvals: -3.4%^{mth}, -12.5%^{yr} (all ex refi)

- Housing finance approvals posted a further decline in August, a 3.4% fall in line with market expectation of a 4% fall. Approvals are now 19.6% below their peak at the start of the year. Latest data on turnover and prices, available up to September, points to more weakening to come.
- The August decline was again led by investor loans, off another 4.8% in the month to be down 23.9% from this segment's March peak. That said, owner occupiers are still driving the cycle – the 15.8% fall in this segment since Dec coming from a higher starting point and larger in 'dollar for dollar' terms.
- Within the owner occupier segment, new loans to 'upgraders' led the fall, down 5.3%^{mth}, partially offset by a surprising 7% rise in the value of loans to first home buyers, albeit coming from a relatively weak starting point (down 23.3%^{yr}).
- Construction-related loans were mixed, new construction loans ticking up 1.4% but loans for the purchase of newly built dwellings (including 'off the plan' units) recording a big 11.3%^{mth} drop to a 3yr low. The combined result was a slight 2.7% decline overall.
- The state detail continues to show a more pronounced weakening in NSW (-7.2%^{mth}, -21%^{yr}), consistent with the more pronounced market correction. Vic was broadly in line with the picture nationally (-3.2%^{mth}, -12.5%^{yr}) while Qld has been a touch firmer (-1.2%^{mth}, -8.1%^{yr}). Approvals pulled back sharply in SA but from a high starting point with annual growth still positive (-5.7%^{mth}, +0.4%^{yr}). WA posted a surprise gains, both on the month and the year (+6%^{mth}, +1.7%^{yr}).
- The Aug housing finance data is consistent with a further moderation in housing credit heading into year end, annual credit growth having passed a clear peak mid year and set to slow further.
- Overall, the housing finance data is broadly in line with the wider picture of a housing market cycling lower on both turnover and a material correction in prices. While there are some interesting 'wrinkles' around first home buyers and construction-related finance approvals the top-line story is still of a significant cooling in activity that has further to run.

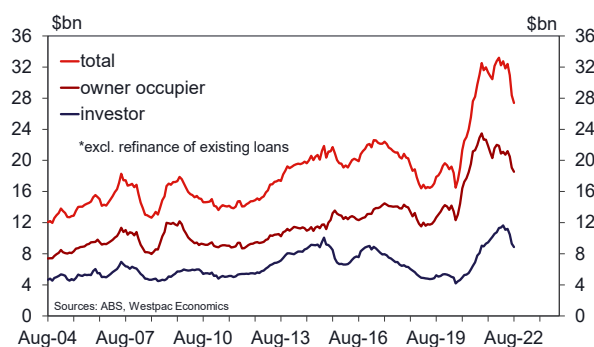
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Housing finance: August 2022

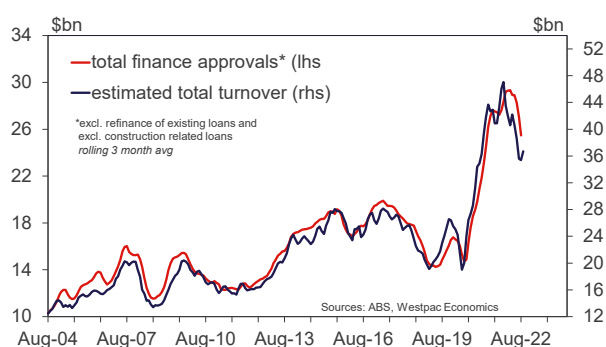
		%chg mth		% chg yr	
	latest	Jul	Aug	Jul	Aug
Owner-occupiers ('000s)	29.3	-5.8	-0.4	-21.4	-19.2
Owner-occupiers (\$bn)	18.5	-7.0	-2.7	-15.9	-15.1
Investors (\$bn)	8.9	-11.2	-4.8	0.0	-6.4
Total housing finance (\$bn)	27.4	-8.5	-3.4	-11.3	-12.5
Refinance (\$bn)	18.9	-1.2	5.3	7.5	9.8
Total incl. refinance (\$bn)	46.3	-5.8	0.0	-4.8	-4.6
Other indicators[^]	avg[^]	Jun	Jul	Aug	Sep
Auction clearance rate %	64.6	60.0	57.7	58.9	59.4

* 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

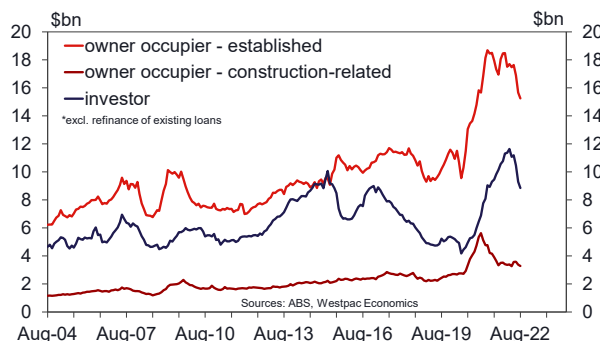


New finance approvals vs value of sales

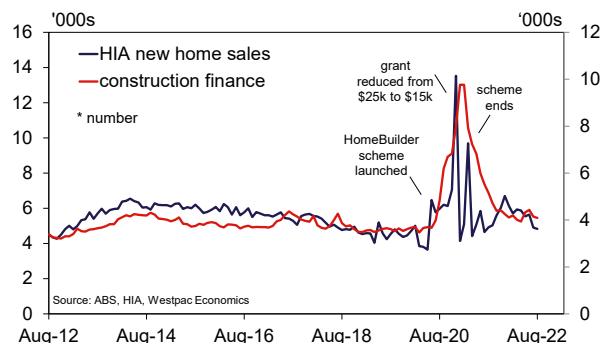


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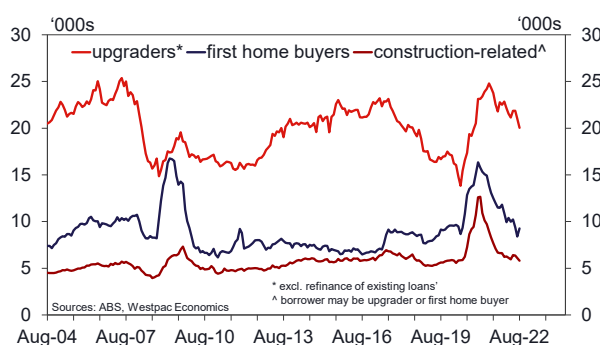
New finance approvals by detailed segment



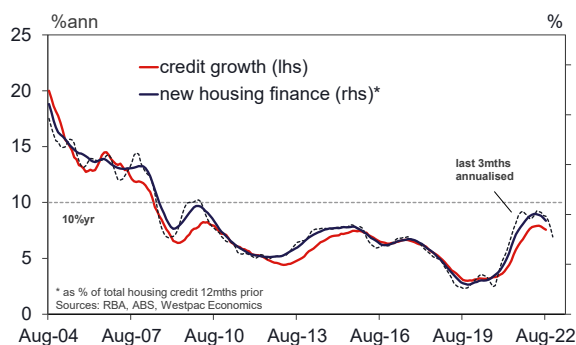
HIA new home sales vs finance approvals



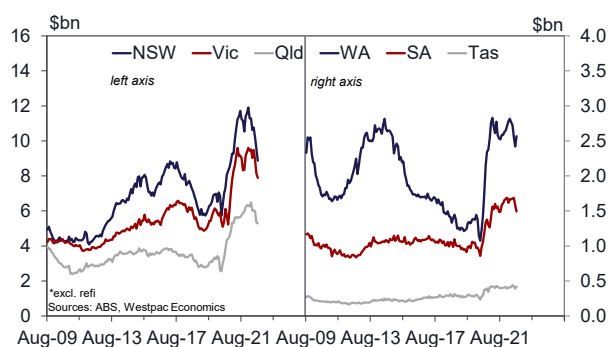
Owner occupier finance approvals (number)



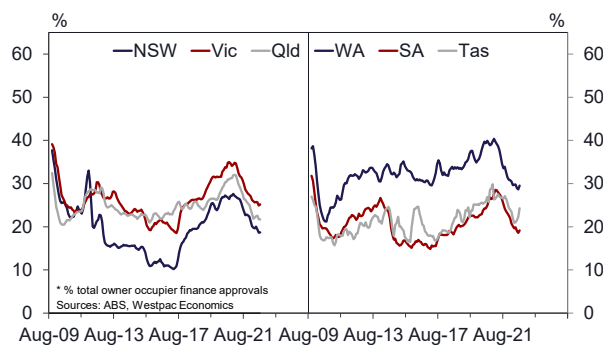
Housing credit vs new finance approvals



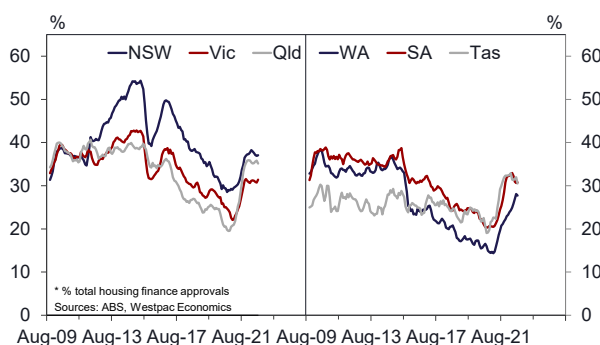
Housing finance by state: total value



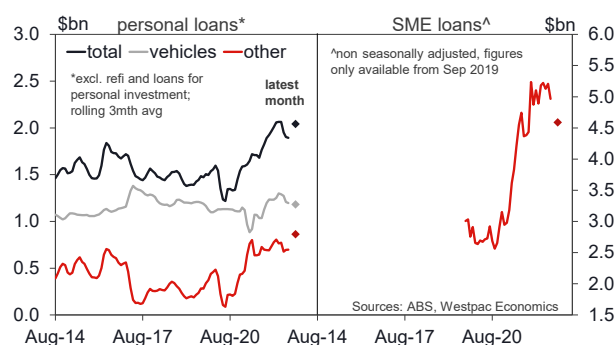
First home buyers: by state



Housing finance by state: investor share of loans



Other lending: personal finance and SME loans



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