

3 March 2023

Australian housing finance: broad-based weakness Owner-occ. -4.9%^{mth}, -35.1%^{yr}; Investors: -6.0%^{mth}, -34.8%^{yr} Total value approvals: -5.3%^{mth}, -35%^{yr} (all ex refi)

- Housing finance approvals recorded another sizeable decline in Jan, the total value of approvals down 5.3% in Jan with a 29.7% drop over the year. Similar to last month, the decline was higher than both Westpac and market consensus (-4%, -3% respectively). All major segments and states recorded falls.
- Looking at segments, owner occupier loans fell less compared to investor loans, down 4.9% and 6% respectively. This followed similar sized declines for both segments last month. Finance approvals are down nearly 35%^{yr} for both.
- Specifically within the owner occupier segment, the value of construction loans was down 8.9%^{mth}, loans for the purchase of newly built (including 'off the plan' purchases of units) declined significantly compared to last month, down 8.6%^{mth}, and purchase of established dwellings finance down 4.8%^{mth}.
- All major states experienced declines, NSW down 4.7%^{mth}, and Qld down 4.0%^{mth}. Bigger falls continued in other states with Vic at a staggering 9.1%^{mth}, WA down 7.9%^{mth}, SA down 6.5%^{mth} and Tas down 6.3%^{mth}.
- Overall, the housing finance data was consistent with the slowdown observed throughout the housing data released earlier this week, including the weak dwelling approvals update for Jan and continued decline in both prices and turnover in the CoreLogic updates for Feb. Interest rate rises are weighing heavily on housing market activity, with more the Q4 GDP update showing signs that they are also contributing to a wider slowdown in consumer spending and economic activity. Expectations of further rate hikes in response to continued high inflation may also be weighing on housing market activity.

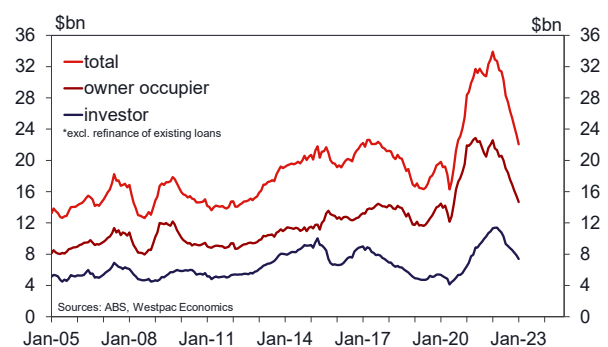
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Housing finance: January 2023

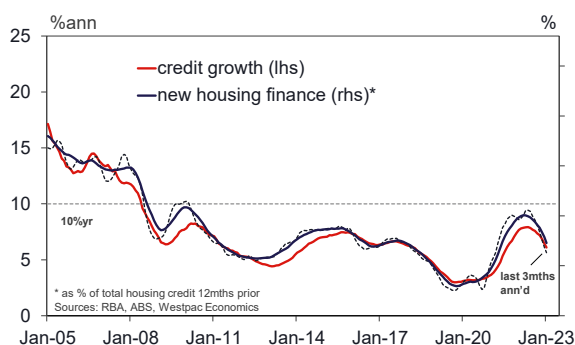
		%chg mth		% chg yr	
	latest	Dec	Jan	Dec	Jan
Owner-occupiers ('000s)	22.8	-5.1	-5.5	-30.3	-33.7
Owner-occupiers (\$bn)	14.7	-4.3	-4.9	-29.9	-35.1
Investors (\$bn)	7.4	-4.3	-6.0	-28.1	-34.8
Total housing finance (\$bn)	22.1	-4.3	-5.3	-29.3	-35.0
Refinance (\$bn)	18.6	-1.7	-2.1	18.1	22.5
Total incl. refinance (\$bn)	40.7	-3.1	-3.8	-13.8	-17.2
Other indicators[^]	avg[^]	Nov	Dec	Jan	Feb[^]
Auction clearance rate %	64.4	58.4	58.1	57.7	59.0

* 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

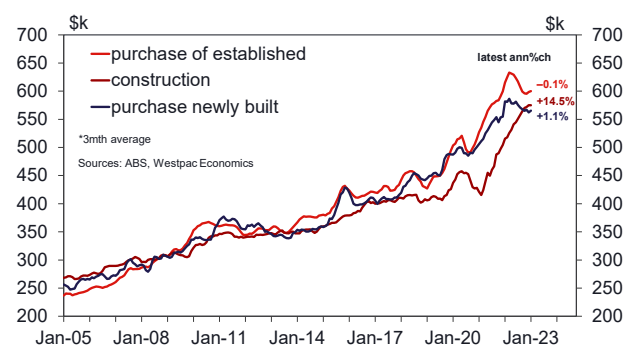
New finance approvals by segment



Housing credit vs new finance approvals

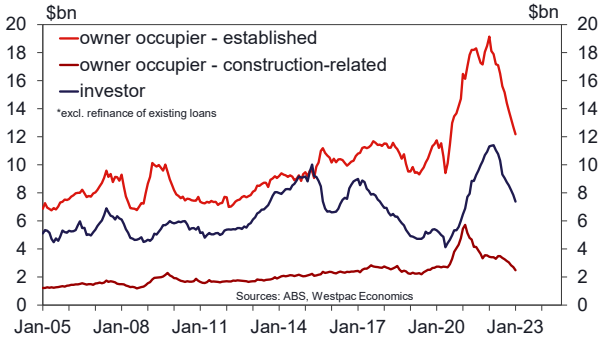


Owner occupier finance approvals: avg value

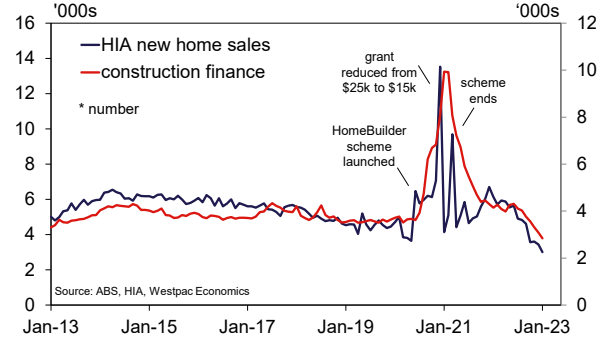


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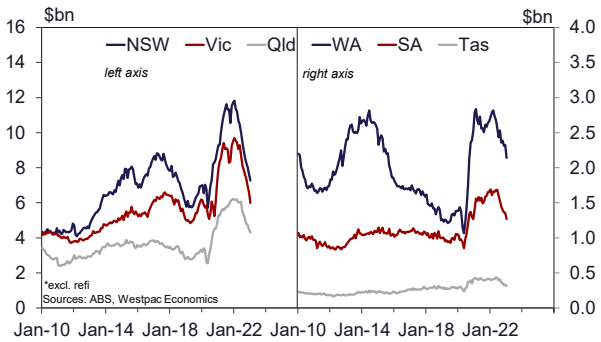
New finance approvals by detailed segment



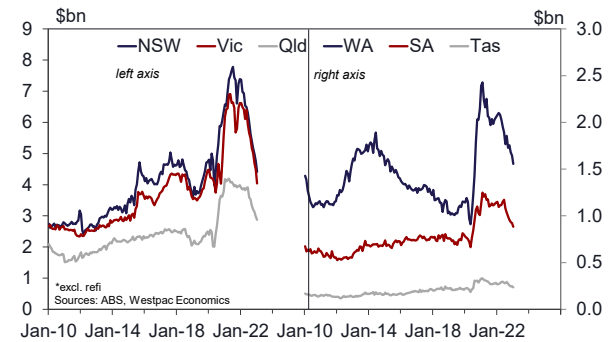
HIA new home sales vs finance approvals



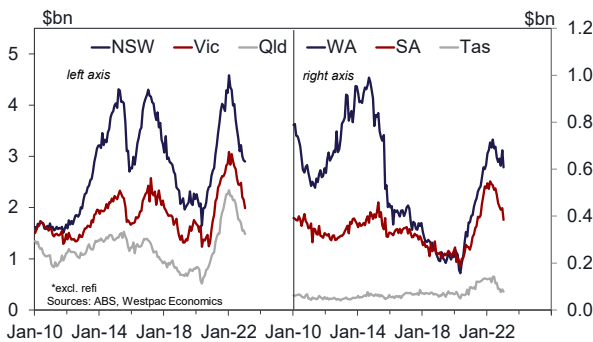
Housing finance by state: total value



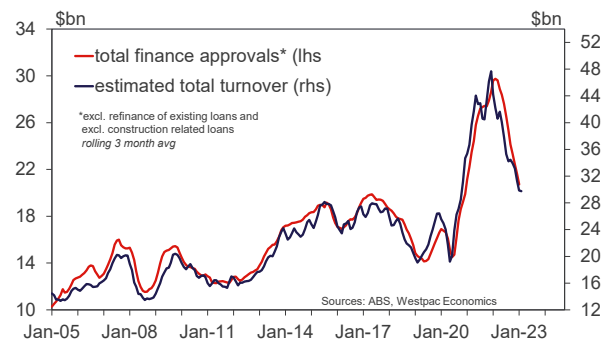
Housing finance by state: owner occupier



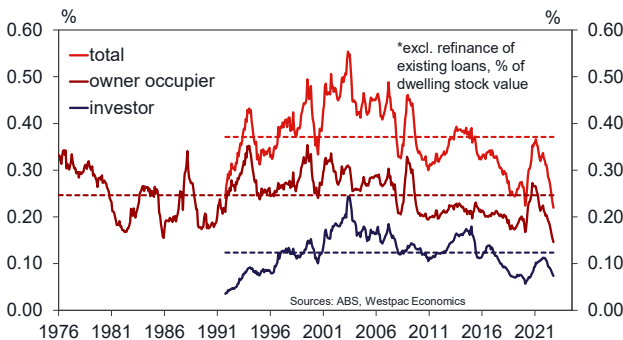
Housing finance by state: investor



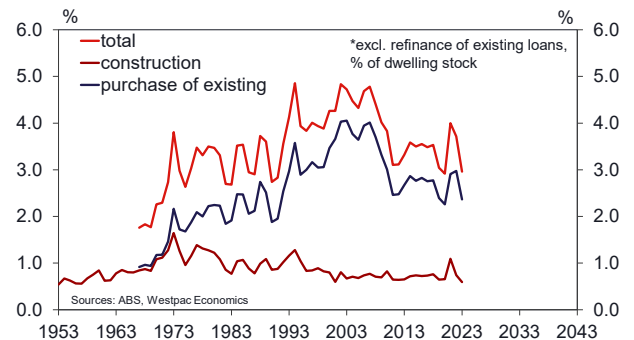
New finance approvals vs value of sales



New finance approvals: long history



New finance approvals: annual, long history



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