

5 May 2023

Australian housing finance: solid bounce Owner-occ. 5.5%^{mth}, -24.8%^{yr}; Investors: 3.7%^{mth}, -29.2%^{yr} Total value approvals: 4.9%^{mth}, -30.8%^{yr} (all ex refi)

- A stronger than expected lift in housing finance approvals has dispelled any lingering doubts that Australia's housing markets are stabilising. The value of housing finance approvals rose 4.9% in March, coming in well ahead of Westpac and consensus expectations of a 0.3% dip.
- The mix also surprised, owner-occupier loans leading gains, first homebuyers (FHBs) showing particularly big gains and construction-related loans firming rather than declining. Investor loans posted a solid but milder gain.
- The total value of owner occupier loans rose 5.5%^{mth}, the biggest monthly gain since Nov 2021. The total value of construction-related loans rose 2.9%^{mth} (albeit about flat in number terms). The total value of FHB loans surged 12.3%^{mth} (up 15.8%^{mth} in number terms) while the total value of new loans to 'upgraders' rose 3.5%^{mth}. The total value of loans to investors rose 3.7%^{mth}. The total value of refinance approvals also posted another big 6.5% gain to a new record high (by value, over 15% of all outstanding mortgage debt has been refinanced over the last 18mths - note this is 'external' refinance only, i.e. involving a change of lender).
- The state detail shows a broad-based rise with a particularly strong gain in Qld (+9.3%^{mth}), a more subdued rise in Vic (+3.3%^{mth}) with approvals holding about flat in Tas.
- The lift in FHB activity was also broadly based, with slightly stronger double-digit monthly growth in Qld (+13.2%^{mth}), WA (+14.4%^{mth}) and SA (+19.2%^{mth}) but growth still robust in NSW (+8.4%^{mth}) and Vic (+6.5%^{mth}).
- Around investor activity, Qld again stood out with a 12.6%^{mth} rise, WA also up a strong 9.5%^{mth} but with more subdued gains in NSW (+2.3%^{mth}) and Vic (+2.6%^{mth}).
- Overall, new finance approvals add to the evidence of a clear stabilisation in housing markets, the latest gain consistent with a clear lift in the total value of sales over the last 3mths - coming off both firmer prices and turnover volumes (see [here](#) for more). We expect this broad stabilisation to continue through 2023 (see [here](#) for recent revisions to our housing outlook).
- That said, it should be noted that activity is coming from a very low starting point. While the level of lending remains at or above pre-COVID highs, both in number and dollar value terms, it is near historical lows when viewed relative to the total dwelling stock or the total value of loans outstanding respectively. The same is true for the number and value of construction-related owner-occupier loans.

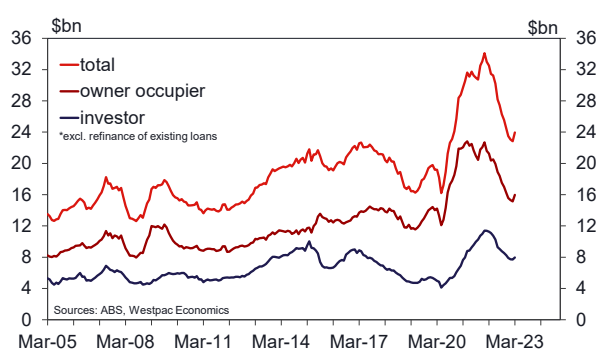
Matthew Hassan, Senior Economist

Housing finance: March 2023

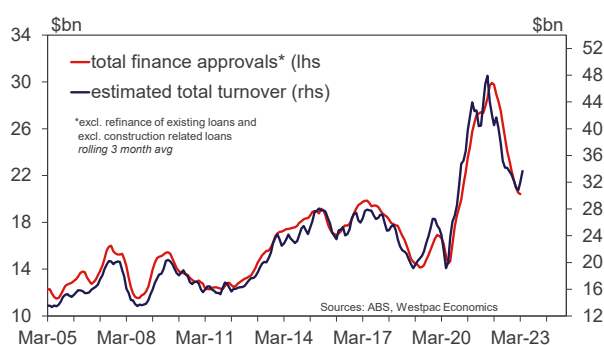
	latest	%chg mth		%chg yr	
		Feb	Mar	Feb	Mar
Owner-occupiers ('000s)	24.9	-2.0	6.5	-28.8	-22.4
Owner-occupiers (\$bn)	16.0	-1.2	5.5	-29.9	-24.8
Investors (\$bn)	8.0	-0.6	3.7	-32.5	-29.2
Total housing finance (\$bn)	24.0	-1.0	4.9	-30.8	-26.3
Refinance (\$bn)	21.2	2.1	6.5	22.6	28.5
Total incl. refinance (\$bn)	45.2	0.4	5.7	-13.2	-7.9
Other indicators[^]	avg[^]	Jan	Feb	Mar	Apr[^]
Auction clearance rate %	64.4	58.6	61.0	62.2	64.7

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

New finance approvals by segment

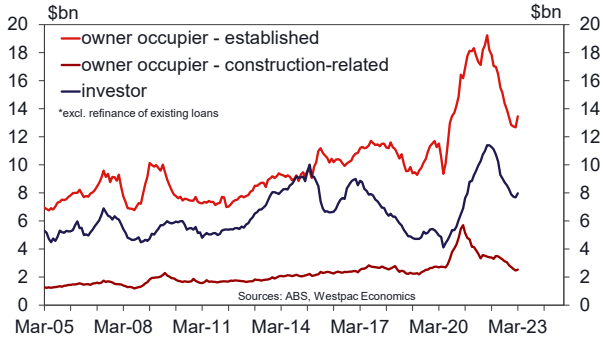


New finance approvals vs value of sales

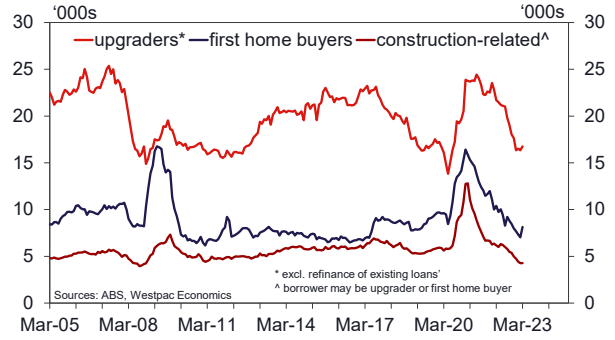


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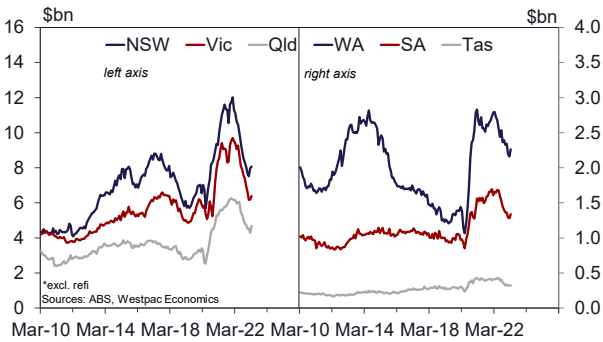
New finance approvals by detailed segment



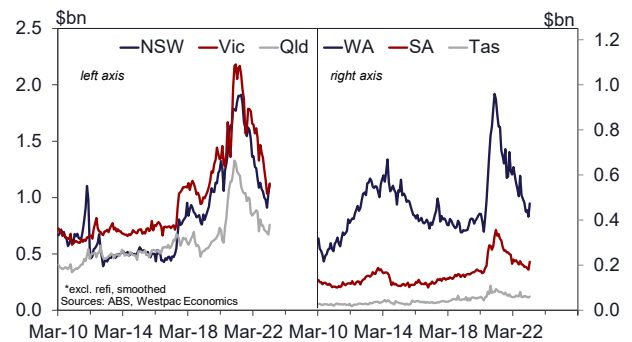
Owner occupier finance approvals (number)



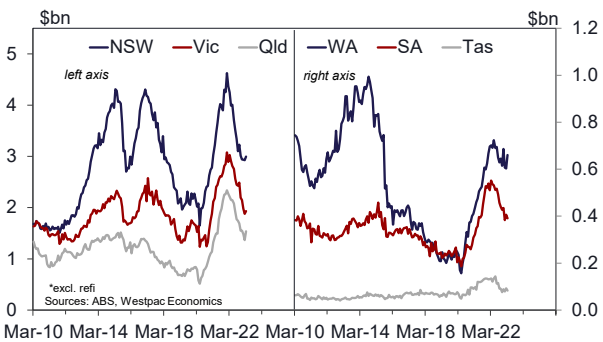
Housing finance by state: total value



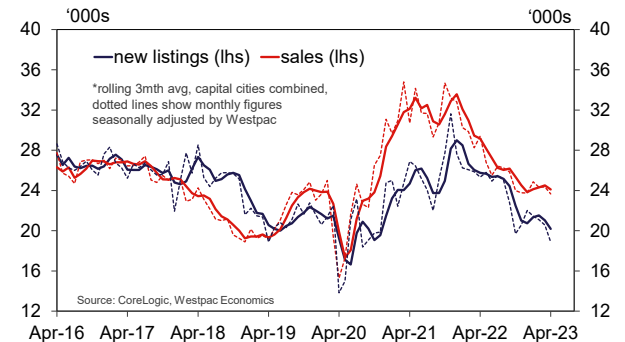
First home buyers: by state



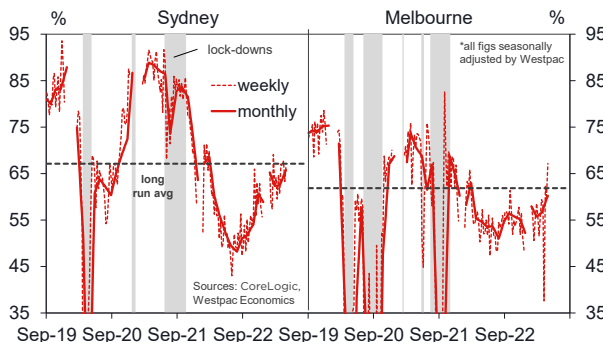
Housing finance by state: investor



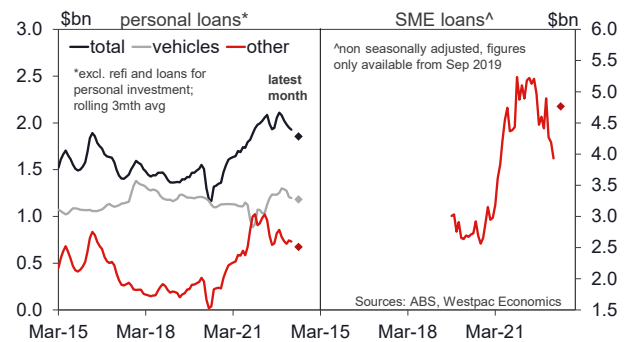
Residential property: listings and sales



Auction clearance rates: withdrawal adjusted



Other lending: personal finance and SME loans



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