

2 November 2023

## Australian housing finance: patchy conditions Total value approvals (ex refi): 0.6%<sup>mth</sup>, -4.7%<sup>yr</sup> Upturn continues but building and volumes looking soft.

- The total value of new housing finance approvals rose 0.6%<sup>mth</sup> in September, coming in below the consensus forecast of a 1.3% gain. Westpac had expected a stronger 4% rise on signs that recent changes in building standards had generated a significant pull-forward in new home sales in NSW. That pull-forward never materialised with construction-related loans instead posting a decline. A fall in turnover also looks to have offset price gains in the established market with the total value of new owner occupier loans essentially flat and all of the gain coming from investor lending. Annual growth remains negative at -4.7%<sup>yr</sup>.
- The total value of loans to owner occupiers excl. refi dipped 0.1%<sup>mth</sup> with the number of loans flat.
- Construction-related lending was flat. The value of owner-occupier construction loans declined 1.3%<sup>mth</sup> to be down 2.1% on a quarterly basis. This was offset by owner-loans for the purchase of newly built dwellings, which bounced 2%<sup>mth</sup> after a very weak run. The combined flat result is broadly in line with yesterday's soft update on dwelling approvals (see [here](#)) but much weaker than HIA new home sales, which showed a lift in September driven by a big pull-forward in NSW associated with changes to building regulations in October. That shift has clearly not played through to approvals or finance activity.
- Owner occupier loans for the purchase of existing dwellings posted a muted gain, the value of loans up 0.5% and the number of loans down slightly. New lending is up about 8% since the February low, in line with the lift in prices over that period but implying the volume of transactions has been about flat (see [here](#) for more on prices and turnover).
- The ABS has reinstated estimates of first home buyer (FHB) activity. For September these show a 1.4% gain in the value of loans taking annual growth into slight positive (+3.1%<sup>yr</sup>). Activity is showing a notable rise in Vic. Non FHB loans dipped 0.7% in the month to be down 12.3%<sup>yr</sup>.
- The value of investor loans rose 2%<sup>mth</sup> to be up 2.6%<sup>yr</sup>, outperforming but again undershooting expectations.
- Notably refinance activity has fallen sharply to be down 14% over the last two months. The extraordinary boom that has seen over \$310bn of loans refinanced since May, around 15% of all loans outstanding, is finally subsiding.
- The state breakdown shows a solid gain in Vic (+4.4%) but more muted rises in NSW (+0.8%<sup>mth</sup>) and Qld (+0.3%<sup>mth</sup>) and declines in SA (-1.5%<sup>mth</sup>) and WA (-4.2%<sup>mth</sup>). Annual growth remains negative in most jurisdictions except for WA (+3.2%<sup>yr</sup>) and NSW (+0.5%<sup>yr</sup>).
- All up, this week's batch of housing updates point to clear tensions in the sector – prices seeing a sustained rise but volumes and new building remain much patchier.

**Matthew Hassan**, Senior Economist

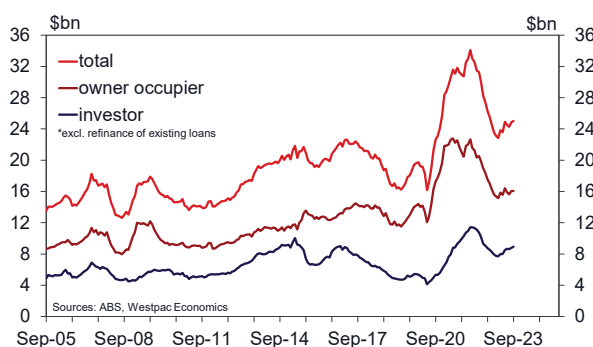
### Housing finance: September 2023

	latest	%chg mth		%chg yr	
		Aug	Sep	Aug	Sep
Owner-occupiers ('000s)	25.4	2.4	0.0	-12.4	-8.3
Owner-occupiers (\$bn)	16.1	2.8	-0.1	-12.5	-8.4
Investors (\$bn)	9.0	1.7	2.0	-2.9	2.6
<b>Total housing finance (\$bn)</b>	<b>25.0</b>	<b>2.4</b>	<b>0.6</b>	<b>-9.3</b>	<b>-4.7</b>
Refinance (\$bn)	18.5	-6.9	-7.8	11.0	1.5
<b>Total incl. refinance (\$bn)</b>	<b>43.5</b>	<b>-2.0</b>	<b>-3.1</b>	<b>-1.2</b>	<b>-2.2</b>

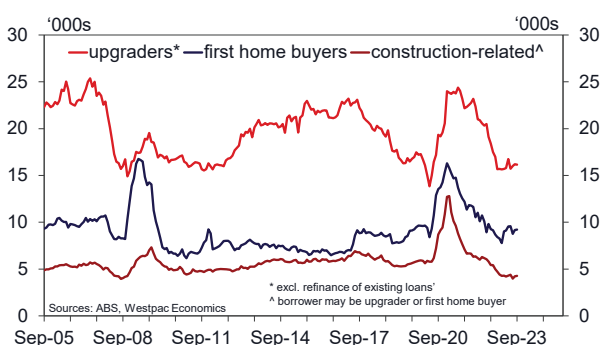
Other indicators <sup>^</sup>	avg <sup>^</sup>	Jul	Aug	Sep	Oct <sup>^</sup>
Auction clearance rate %	64.5	67.6	63.5	64.0	64.2

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

### New finance approvals by segment

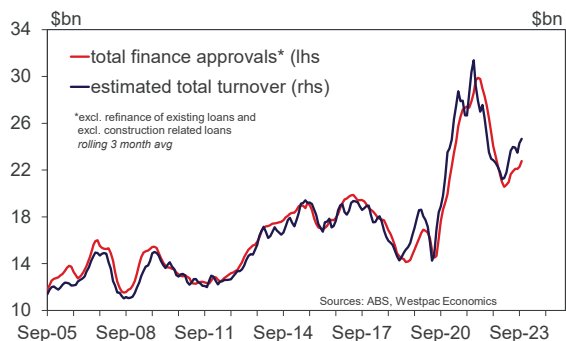


### Owner occupier finance approvals (number)

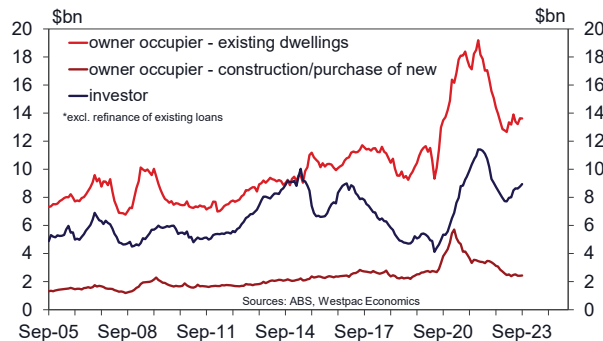


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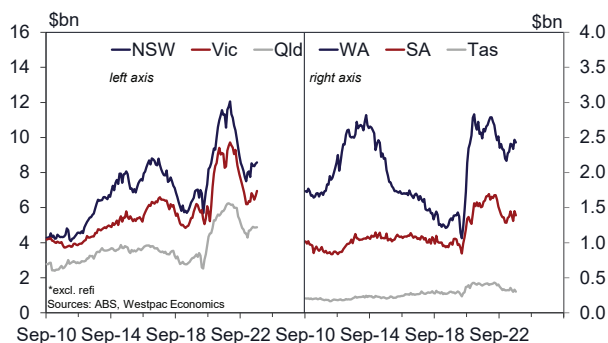
## New finance approvals vs value of sales



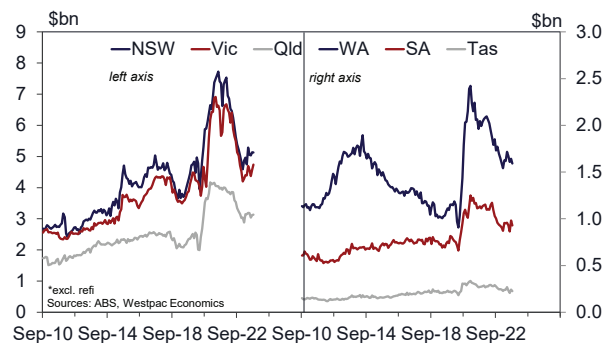
## New finance approvals by detailed segment



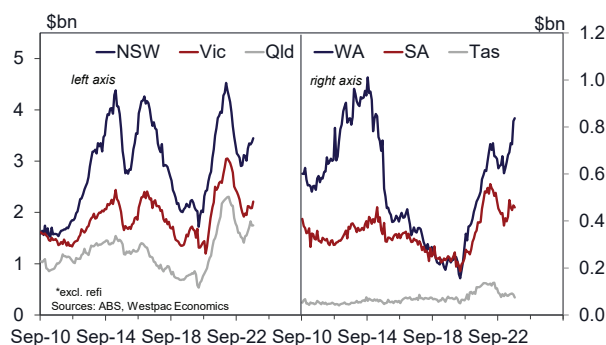
## Housing finance by state: total value



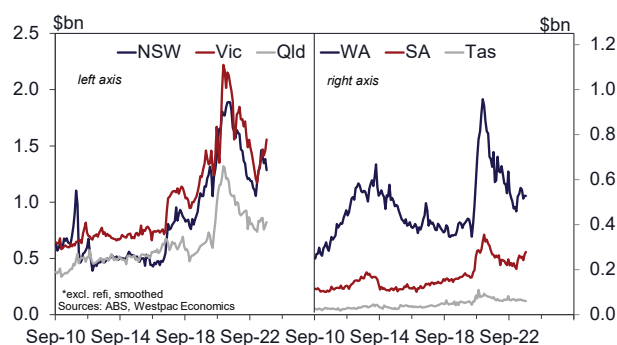
## Housing finance by state: owner occupier



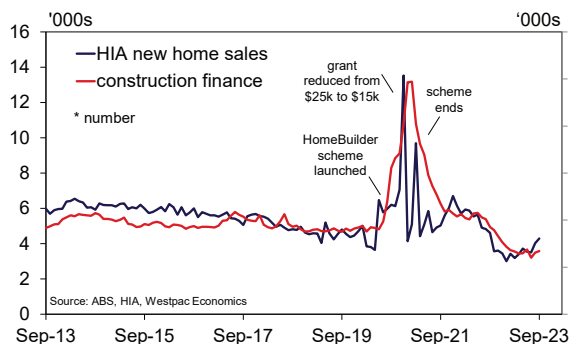
## Housing finance by state: investor



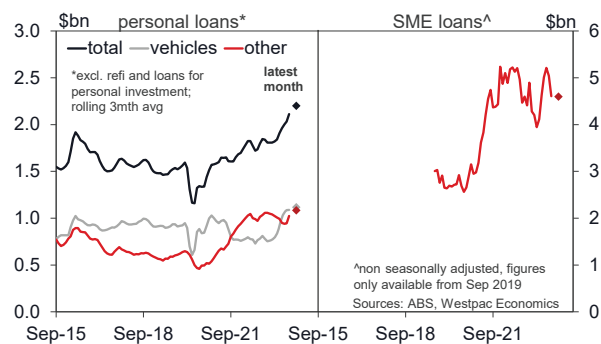
## First home buyers: by state



## HIA new home sales vs finance approvals



## Other lending: personal finance and SME loans



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