

12 January 2024

## Australian housing finance lifts Total value approvals (ex refi): 1.0%<sup>1</sup> mth, 13.1%<sup>2</sup> yr Average loan sizes driving upturn, but to a lesser extent.

- The total value of housing finance approvals lifted once again in November, up 1.0%, following an upwardly revised surge of 7.1% in October. November was broadly in line with the consensus forecast, which settled on a median of 1.3% (ranging from -2.0% to +3.5%). As Westpac anticipated, the mix showed November's gain being led by investor loan approvals, although there were some interesting developments within the owner-occupier detail.
- The total value of loans to owner-occupiers excl. refi rose 0.5% in November, with the number of loans rising 1.0%. That follows a particularly strong October, with figures for both the value and quantity of owner-occupier loans revised up sharply, to 8.3% and 4.9% respectively. Last month, it was evident that much of the improvement in the owner-occupier space was driven by rising prices (and average loan sizes). However, with the recent updates and revisions, it appears the value of owner-occupier loans and the number of loans are much closer in line, currently tracking +10.6%<sup>3</sup> yr and 7.3%<sup>4</sup> yr respectively. While average loan sizes still have a hand in the value of owner-occupier loans, its influence is now less than implied by the initial estimates.
- In-step with the softer headline figure for owner-occupiers, construction-related lending also posted a subdued result, up just 0.7% in November. That said, the number of owner-occupier construction loans contracted 2.2% in the month, implying that for this segment, gains remain mostly price-led. That was not the case for owner-occupier loans for the purchase of newly built dwellings (which includes loans for 'off the plan' unit purchases), which saw the 3.2% lift in loan numbers outstrip the 2.5% gain in loan values. For this segment, annual growth in loan values has now moved into positive territory for the first time in over two years.
- November's estimates of first home buyer (FHB) activity was also encouraging, with a 2.8% gain in the value of loans seeing annual growth move sharply higher, now 25.8%<sup>5</sup> yr. November's gain was centred on Queensland (+17.1%) following a doubling of the State Government's FHB Grant for new builds, which came into effect in mid November.
- The value of investor loans rose 1.9% in November to be up 18%<sup>6</sup> yr. Gains were recorded in Victoria, Queensland and South Australia, while New South Wales posted a decline and Western Australia held flat (albeit still tracking +42.5%<sup>7</sup> yr).
- In terms of total loans, the state breakdown shows strong gains in South Australia (+9.4%) and Queensland (+6.3%), with Victoria not far behind (+3.9%); Western Australia was more subdued (+0.7%) and New South Wales broadly flat in the month (-0.2%). Annual growth has now turned positive across all jurisdictions, with all major states except Victoria now tracking double-digit growth.

Ryan Wells, Economist

### Housing finance: November 2023

	latest	%chg mth		%chg yr	
		Oct	Nov	Oct	Nov
Owner-occupiers ('000s)	27.3	4.9	1.0	2.1	7.3
Owner-occupiers (\$bn)	17.9	8.3	0.5	4.5	10.6
Investors (\$bn)	9.7	4.9	1.9	12.2	18.0
<b>Total housing finance (\$bn)</b>	<b>27.6</b>	<b>7.1</b>	<b>1.0</b>	<b>7.0</b>	<b>13.1</b>
Refinance (\$bn)	17.5	-6.8	0.7	-5.1	-11.9
<b>Total incl. refinance (\$bn)</b>	<b>45.1</b>	<b>1.2</b>	<b>0.9</b>	<b>2.0</b>	<b>1.9</b>
<b>Other indicators<sup>^</sup></b>	<b>avg<sup>^</sup></b>	<b>Sep</b>	<b>Oct</b>	<b>Nov</b>	<b>Dec<sup>^</sup></b>
Auction clearance rate %	64.4	64.0	64.2	57.0	64.8

\* 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

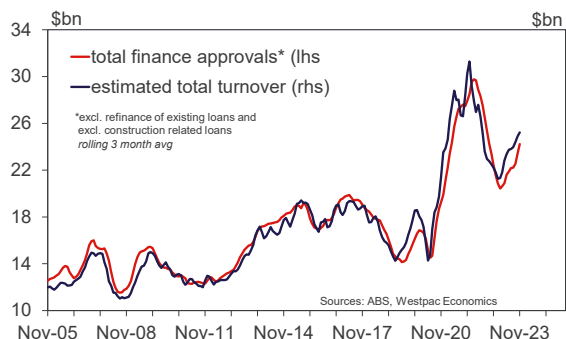


### Owner occupier finance approvals (number)



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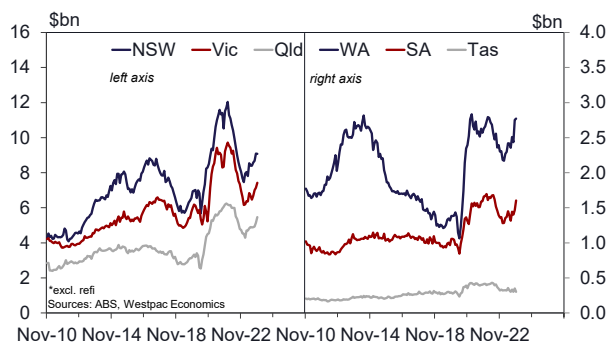
## New finance approvals vs value of sales



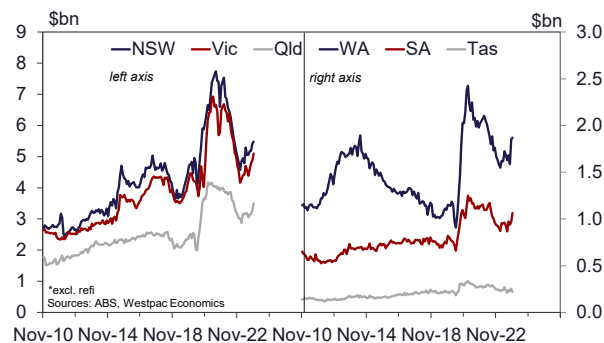
## New finance approvals by detailed segment



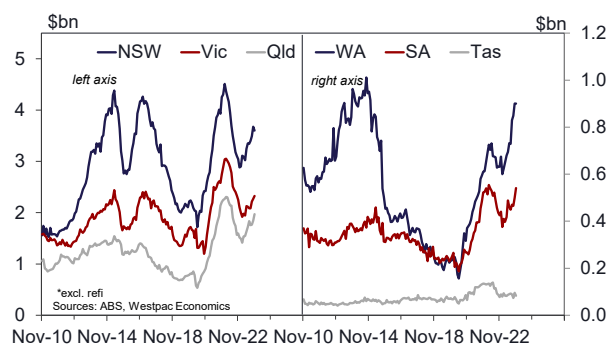
## Housing finance by state: total value



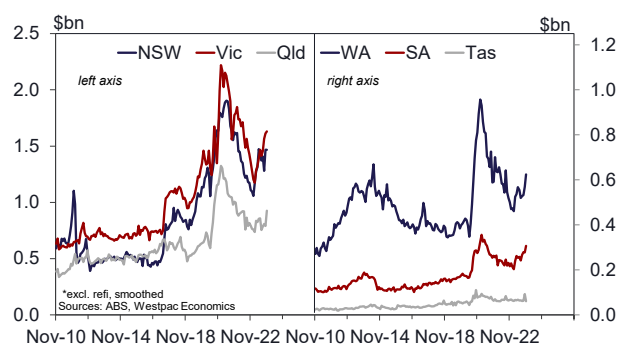
## Housing finance by state: owner occupier



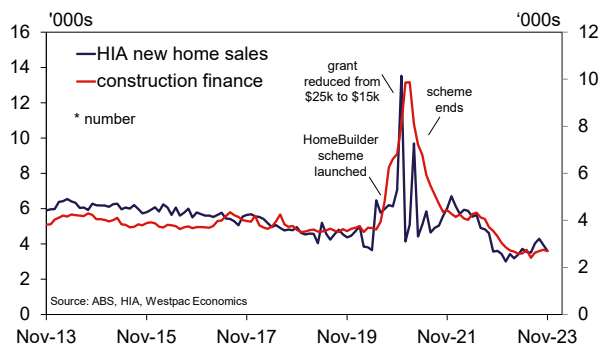
## Housing finance by state: investor



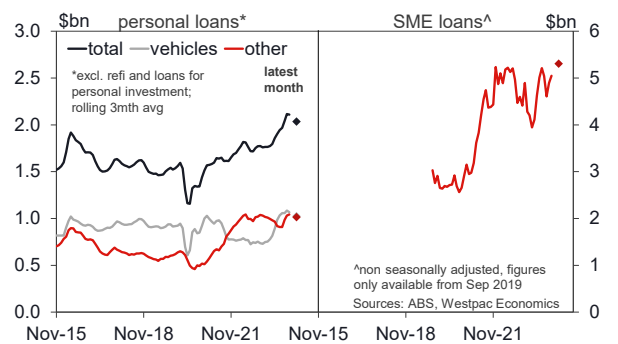
## First home buyers: by state



## HIA new home sales vs finance approvals



## Other lending: personal finance and SME loans



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