

8 April 2024

Australian housing finance: slight uptick Total value approvals (ex refi): 1.5%^{mth}, +13.3%^{yr} Revised profile looking firmer. Conditions softer in Vic.

- The value of new housing finance approvals rose 1.5% in Feb, broadly in line with the consensus forecast of a 2% gain but but slightly below Westpac's forecast for a 3% rise. That said, there were significant revisions to previous estimates, the 7.9% drop over Nov-Jan pared back to a much milder 3.4% decline. Approvals are still up solidly on a year ago (+13.3%^{yr}). The detail was a little surprising, loans to owner occupiers slightly outstripping loans to investors with both first home buyers and construction-related loans posting solid gains. By state, new loan approvals have been noticeably softer in Vic.
- Note that all figures below are quoted excluding refinance.
- The value of owner occupier loans rose 1.6%, with marked upward revisions to the previous two months (from -9.9% to -4.6%). That has significantly reshaped the upturn, approvals now having only given back about a third of the gain since Feb, compared to last month's estimates that showed three quarters of the rise had unwound in Nov-Jan.
- The owner occupier detail showed a solid 3.6% rise in construction-related loans led by an 11.5% jump in loans for the purchase of newly-built dwellings (which includes 'off the plan' purchases). Finance for the purchase of existing dwellings rose 1.7%^{mth} overall with the value of loans to first home buyers up 4.8%^{mth} and 20.7%^{yr} (despite very difficult affordability). Interestingly, loans for refi were also up 3.5%^{mth}, ending a six month run of sharp declines (-28.9% between July and Jan).
- The total value of investor loans recorded a milder 1.2%^{mth} rise in Feb but was also coming off a milder 1.3% decline over the previous two months (the decline also pared back from previous estimates). The value of investor approvals is still up 21.5%^{yr} with WA a notable outperformer (+58%^{yr} to record highs).
- The state detail shows total housing finance approvals up strongly in Qld (+5.6%^{mth}), with a solid gain in NSW (+2.6%^{mth}) but softer results in Vic (-0.6%^{mth}), WA (-1.9%^{mth}) and SA (-2.0%^{mth}). On a rolling 3mth basis, approvals have been noticeably weaker in Vic (-4.8%^{qtr}) compared to NSW (-0.5%^{qtr}), Qld (-0.6%^{qtr}), SA (+0.1%^{qtr}) and WA (+5.3%^{qtr}).
- Overall, the update and revised profile suggests the dent from Nov's rate rise was a little milder than initial estimates had indicated with the gradual up-trend in approvals looking more intact. That said momentum is still sluggish in most markets and notably softer in Vic.

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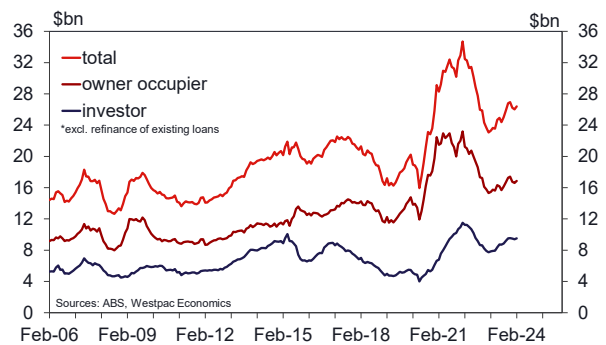
Housing finance: February 2024

	latest	%chg mth		% chg yr	
		Jan	Feb	Jan	Feb
Owner-occupiers ('000s)	25.4	-0.3	0.9	5.6	5.5
Owner-occupiers (\$bn)	16.9	-0.9	1.6	8.4	9.1
Investors (\$bn)	9.5	-0.8	1.2	21.7	21.5
Total housing finance (\$bn)	26.4	-0.8	1.5	12.8	13.3
Refinance (\$bn)	16.5	-5.3	3.0	-19.2	-17.9
Total incl. refinance (\$bn)	42.9	-2.6	2.0	-2.0	-1.2

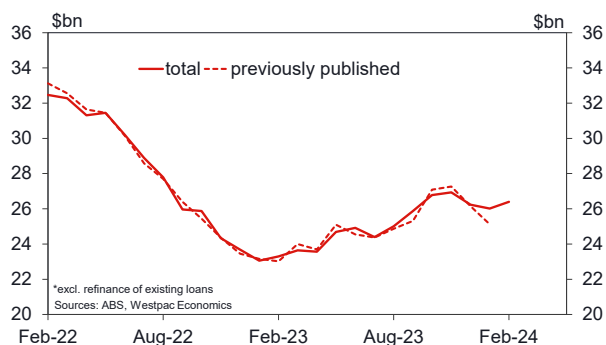
Other indicators [^]	avg [^]	Dec	Jan	Feb	Mar
Auction clearance rate %	64.2	65.0	47.6	66.6	64.5

* unless specified, all figures exclude refinance. Where specified, refinance is 'external' only, i.e. with a new lender; [^] seasonally adjusted by Westpac.
Sources: ABS, CoreLogic, APM, Westpac Economics

New finance approvals by segment

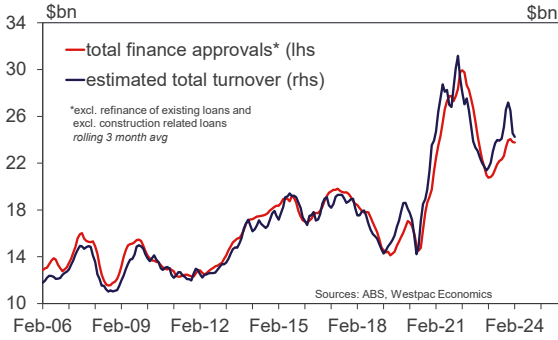


New finance approvals

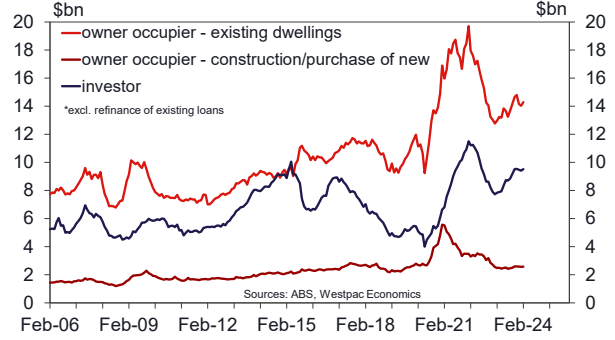


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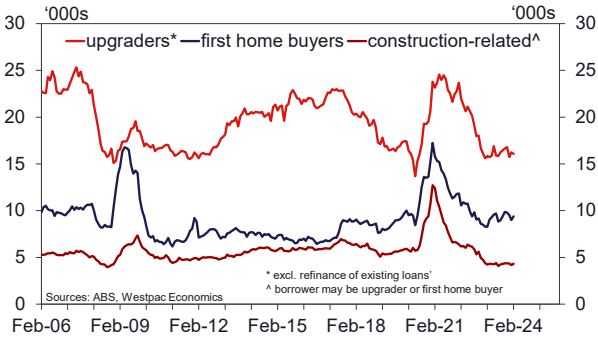
New finance approvals vs value of sales



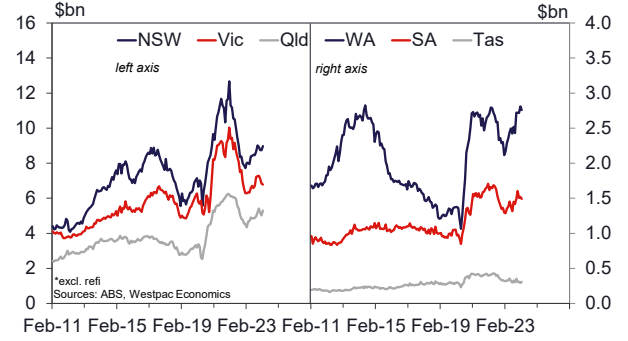
New finance approvals by detailed segment



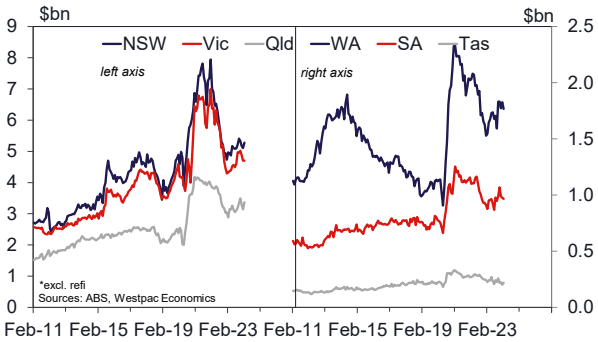
Owner occupier finance approvals (number)



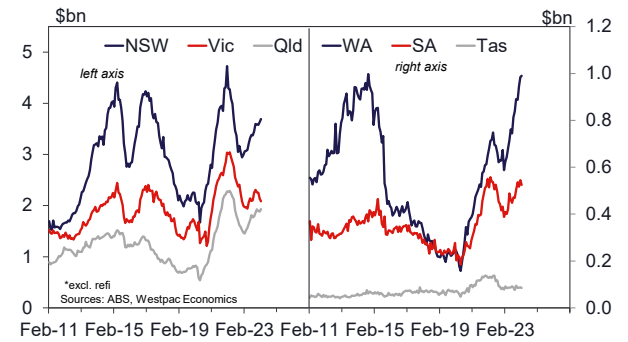
Housing finance by state: total value



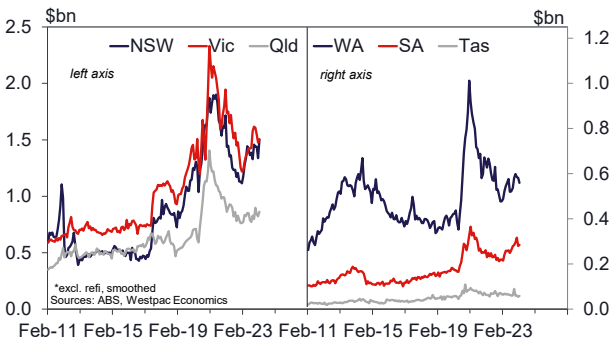
Housing finance by state: owner occupier



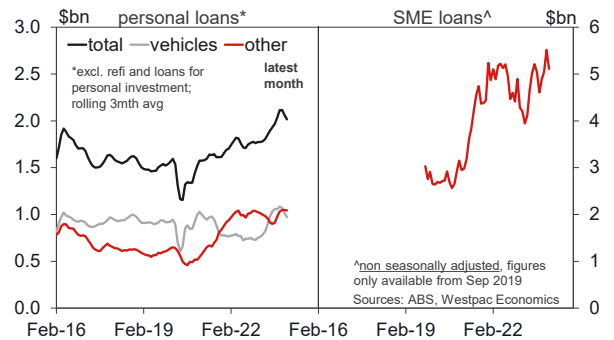
Housing finance by state: investor



First home buyers: by state



Other lending: personal finance and SME loans



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