

3 May 2024

## Australian housing finance: upturn regains traction Total value approvals (ex refi): 3.1%<sup>mth</sup>, 17.9%<sup>yr</sup> Investors a little more prominent, Vic a notable exception.

- The value of new housing finance approvals rose 3.1% in March, above the consensus forecast of a 1% gain but closer Westpac's top-of-the-range forecast of 4% (particularly given a 0.4ppt upward revision to the previous month). Approvals have recovered strongly on a year ago, up 17.9%<sup>yr</sup> in value terms although over half of this looks to be due to larger average loan sizes, for investor loans in particular. The detail also suggests investor activity is becoming a more prominent driver of gains, especially in WA but with the notable exception of Vic.
- Note that all figures below are quoted excluding refinance. Also, there is now sufficient history to generate seasonally adjusted estimates of the total *number* of investor loans, and in turn the total *number* of loans to all borrowers. These figures have been added to the summary table to the right. For March, this suggests volumes were a touch softer overall, down 0.6%<sup>mth</sup> but still up a solid 8.4%<sup>yr</sup>.
- The value of owner occupier loans rose 2.8%<sup>mth</sup> to be up 11.4%<sup>yr</sup>. The number of loans rose 2.4%<sup>mth</sup> to be 6.8%<sup>yr</sup>, implying little change in average loan size in the month. The detail showed a mixed month for construction-related loans and another surprisingly strong rise in loans to first home buyers (+5.3%<sup>mth</sup> to be up 17.9%<sup>yr</sup>).
- The total value of investor loans rose 3.8%<sup>mth</sup> in March, outperforming owner occupier lending slightly in the month, and up much more strongly over the year (+31.1%<sup>yr</sup>). Our estimates suggest the number of loans were down about 5% in the month in seasonally adjusted terms implying a large increase in average loan size (although this is quite volatile month to month).
- The state detail shows the value of total housing finance approvals again up strongly in Qld (+5.8%<sup>mth</sup>, +24.8%<sup>yr</sup>) and WA (+5.9%<sup>mth</sup>, +30.6%<sup>yr</sup>); with milder gains in NSW (+4%<sup>mth</sup>, 19.8%<sup>yr</sup>) and SA (+3.1%<sup>mth</sup>, +14.9%<sup>yr</sup>); and lagging noticeably in Vic (+1.5%<sup>mth</sup>, +9.9%<sup>yr</sup>). The gap is starkest around investor lending which, on a quarterly basis rose, is up 6.4%<sup>qtr</sup> in NSW, 5.9%<sup>qtr</sup> in Qld, 11.1%<sup>qtr</sup> in WA and 4%<sup>qtr</sup> in SA but down 7.3%<sup>qtr</sup> in Vic.
- Overall, the March updates suggests the recovery in housing finance has regained traction after a momentary softening following the RBA's Nov rate rise, investors becoming a little more prominent with the notable exception of Vic. Current finance approvals are broadly consistent with growth in total housing credit (i.e. the stock of outstanding debt) firming slightly towards 4.5%<sup>yr</sup> by mid-year from 4.3%<sup>yr</sup> currently – an untroubling pace from the perspective of APRA and the RBA. The total value of new housing finance is relatively subdued relative to total household disposable income and near historical lows relative to the total value of the housing stock.
- More commentary on this week's housing data is available here: [Australian dwelling prices: 'two speed' market](#); [Australian dwelling approvals](#); and [Australian private credit, March](#).

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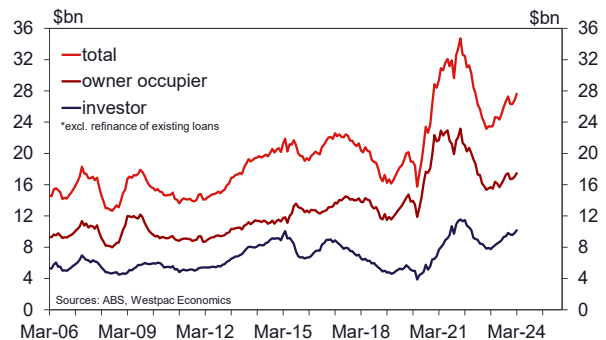
### Housing finance: March 2024

	%chg mth			% chg yr	
	latest	Feb	Mar	Feb	Mar
number ('000s)					
Owner-occupiers	26.4	1.2	2.4	5.9	6.8
Investors <sup>^</sup>	16.0	1.6	-5.2	22.6	11.2
<b>Total housing finance<sup>^</sup></b>	<b>42.4</b>	<b>1.4</b>	<b>-0.6</b>	<b>12.0</b>	<b>8.4</b>
value (\$bn)					
Owner-occupiers	17.5	1.5	2.8	9.3	11.4
Investors	10.2	2.5	3.8	23.8	31.1
<b>Total housing finance</b>	<b>27.6</b>	<b>1.9</b>	<b>3.1</b>	<b>14.2</b>	<b>17.9</b>
Refinance (\$bn)	16.0	2.5	-2.5	-18.1	-24.9
<b>Total incl. refinance (\$bn)</b>	<b>43.7</b>	<b>2.1</b>	<b>1.0</b>	<b>-0.7</b>	<b>-2.5</b>

Other indicators <sup>^</sup>	avg <sup>^</sup>	Jan	Feb	Mar	Apr
Auction clearance rate %	64.2	47.6	66.7	64.1	62.5

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

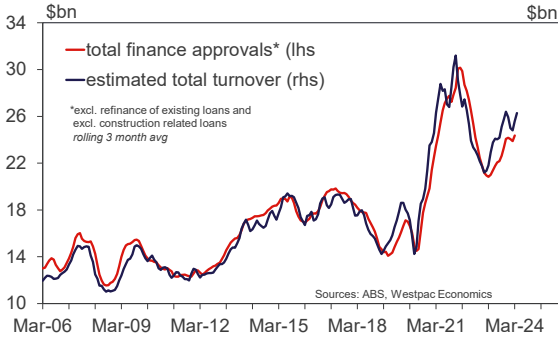
### New finance approvals by segment: value



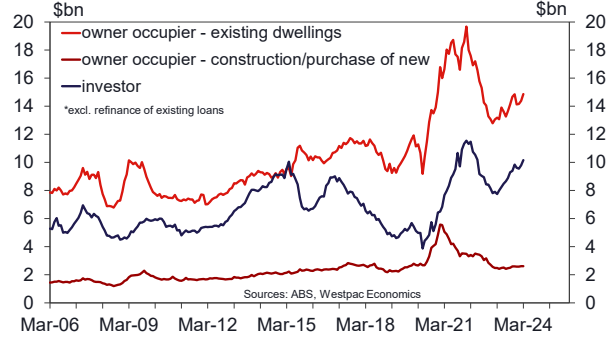
### New finance approvals by segment: number



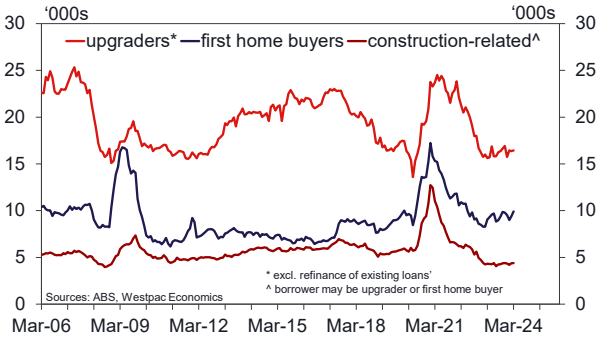
### New finance approvals vs value of sales



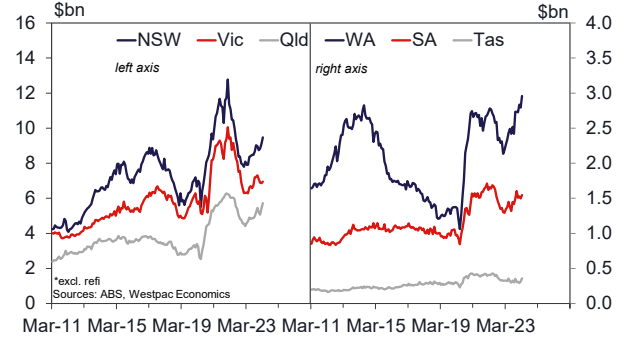
### New finance approvals by detailed segment



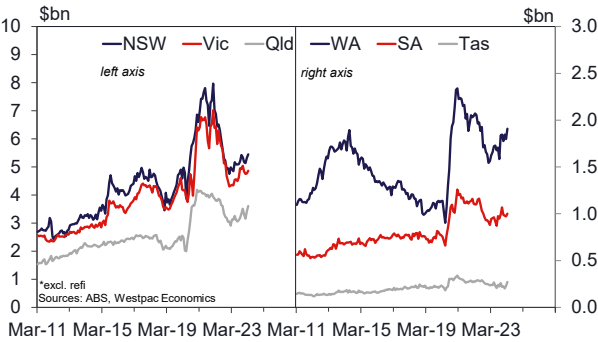
### Owner occupier finance approvals (number)



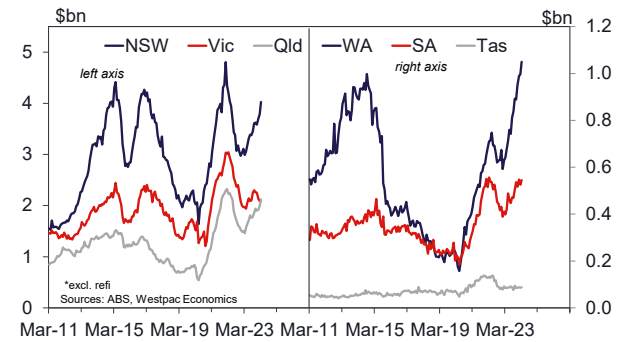
### Housing finance by state: total value



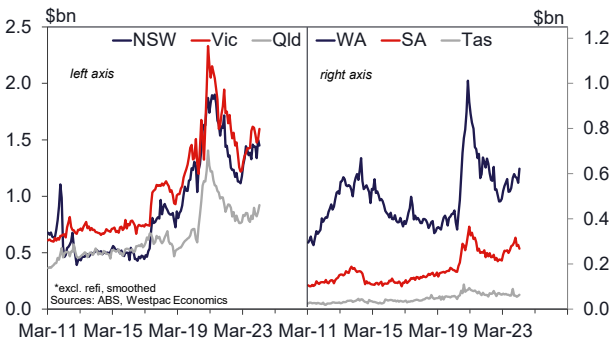
### Housing finance by state: owner occupier



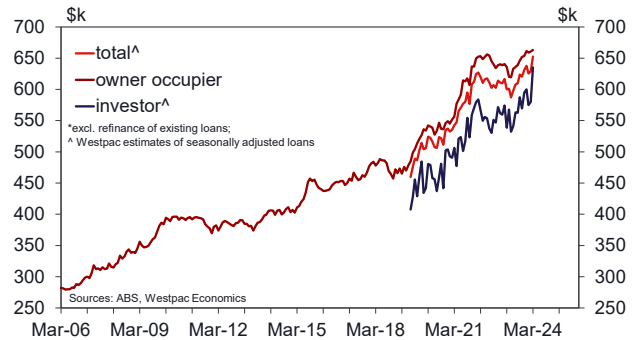
### Housing finance by state: investor



### First home buyers: by state



### New finance approvals by segment: avg value



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