

6 September 2024

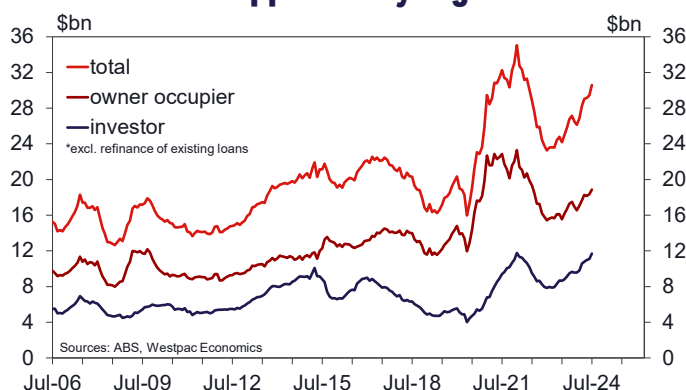
AUSTRALIAN HOUSING FINANCE BULLETIN

Upturn powers on

Key points

- The total value of housing finance approvals posted a stronger than expected 3.9% rise in July.
- Total approvals have now recovered three quarters of the decline seen in 2022.
- Investor lending continues to see stronger gains and is now back near historic highs although it remains well below previous peaks relative to household income.
- Growth is particularly strong in WA, and to a lesser extent Qld and SA, with NSW and Vic seeing more moderate gains.
- Approvals are consistent with housing credit growth lifting towards 5.5%yr.

New finance approvals by segment: value



July new housing finance approvals: +3.9%_{mth}, 26.5%_{yr}

Housing upturn strengthens



Matthew Hassan
Head of Australian Macro-forecasting

The value of new housing finance approvals, excluding refinancing, rose 5.9% in July, more than reversing the 2% decline through May-June and well above expectations of a 1% gain. Annual growth lifted to 26.5%yr.

The strong annual pace is mainly coming from loan volumes, the number of loans up 5.9%^{mth}, 20.3%^{yr}. This implies that larger average loan sizes accounted for about 6ppts of the 26.5% annual growth in the value of loans.

Note that, unless specified, figures in the tables, charts and commentary are approvals excluding refinance.

Investors & WA leading the upturn

The detail continues to show similar themes to previous months, gains in new lending being increasingly led by investors and WA the stand-out state in terms of strength.

By value, investor loans rose 5.4%^{mth} to be up 35.4%^{yr}, matching the last peak at the start of 2022. That said, the overall level is not that high relative to aggregate household incomes – 10% below its 2022 peak and 20% below the previous peak in 2015.

The value of owner occupier loans posted a slower 2.9%^{mth} rise to be up 21.4%^{yr}. Loans for construction were particularly subdued, up just 0.2%^{mth} in value terms, with first home buyer activity also relatively downbeat, up just 0.8%^{mth}.

WA continues to lead the way, the total value of housing loans up another 6.6%^{mth} in the state, to be up 47.5%^{yr}. Qld also posted a strong 7.3%^{mth} rise to be up 35.7%^{yr}. NSW, Vic and SA posted more sedate monthly gains although the latter is still sitting on strong annual growth of 32.9%^{yr}. It should be noted that the state reflects the location of the property rather than the buyer and hence will be impacted by net interstate purchases.

Overall, the July finance data is fairly clear-cut with a broad strengthening evident. The picture shows investors becoming more active and implies that the 'non debt financed' portion of purchases – which has been very elevated since 2023 – is starting to decline. The latest figures are consistent with housing credit growth lifting towards 5.5%^{yr}.

Housing finance: July 2024

| | %chg mth | | | % chg yr | |
|--|------------------------|-------------|------------|-------------|------------------------|
| | latest | Jun | Jul | Jun | Jul |
| number ('000s) | | | | | |
| Owner-occupiers | 27.4 | 0.1 | 2.3 | 4.6 | 11.5 |
| Investors [^] | 20.0 | -4.8 | 11.2 | 10.9 | 35.0 |
| Total housing finance[^] | 47.4 | -1.9 | 5.9 | 7.1 | 20.3 |
| value (\$bn) | | | | | |
| Owner-occupiers | 18.9 | 1.0 | 2.9 | 13.9 | 21.4 |
| Investors | 11.7 | 1.1 | 5.4 | 27.8 | 35.4 |
| Total housing finance | 30.6 | 1.0 | 3.9 | 18.7 | 26.5 |
| Refinance (\$bn) | 16.6 | -1.6 | 4.3 | -20.7 | -21.4 |
| Total incl. refinance (\$bn) | 47.2 | 0.1 | 4.0 | 1.1 | 4.1 |
| Other indicators: | avg[^] | May | Jun | Jul | Aug[^] |
| Auction clearance rate % | 64.5 | 64.9 | 65.6 | 66.1 | 65.3 |

* 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

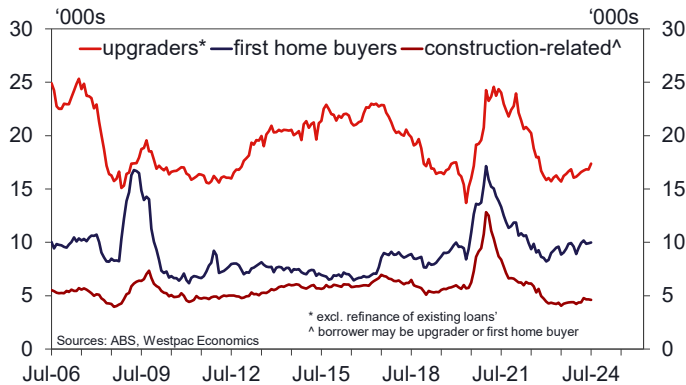
New finance approvals by detailed segment



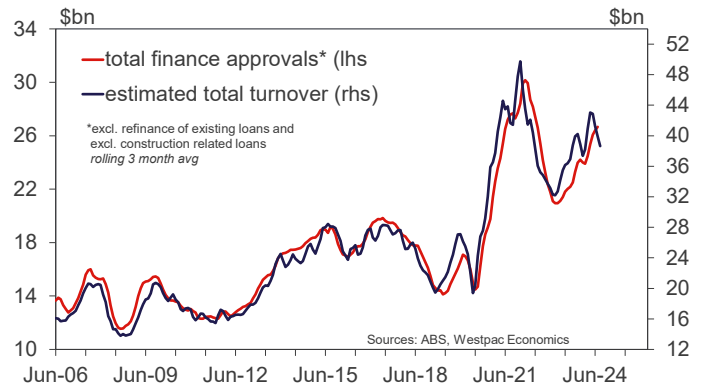
New finance approvals by segment: number



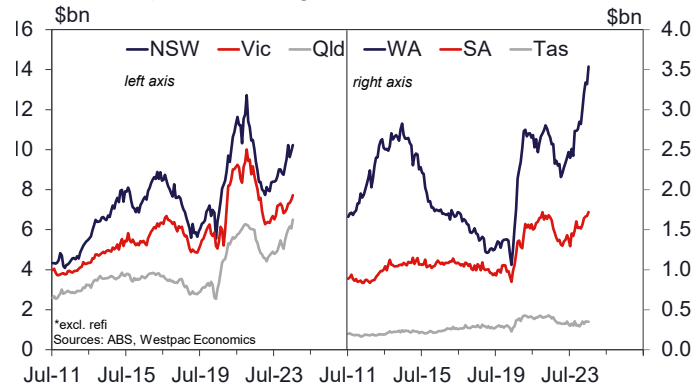
Owner occupier finance approvals (number)



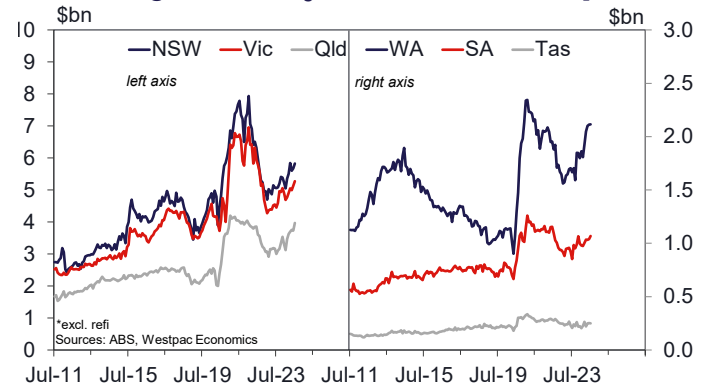
New finance approvals vs value of sales



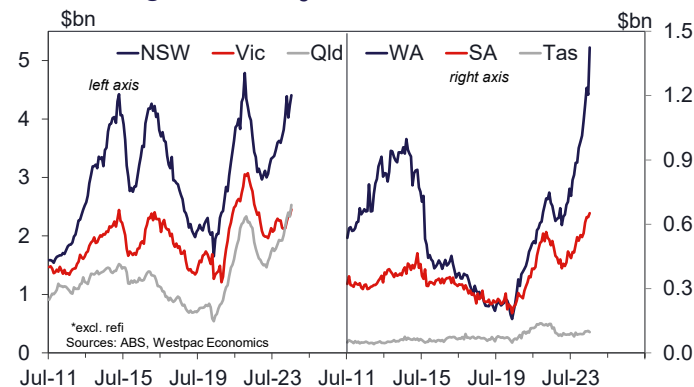
Housing finance by state: total value



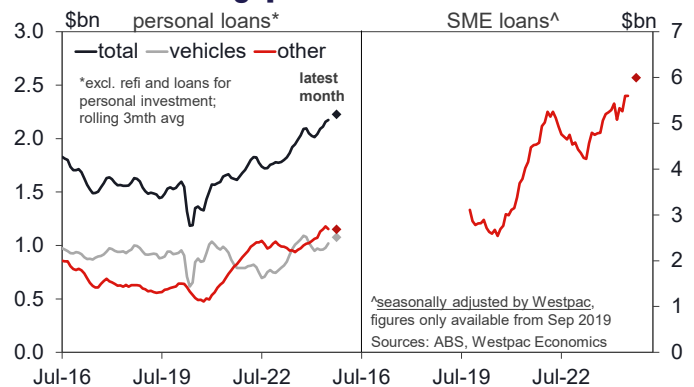
Housing finance by state: owner occupied



Housing finance by state: investor



Other lending: personal finance and SME loans





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