

1 November 2024

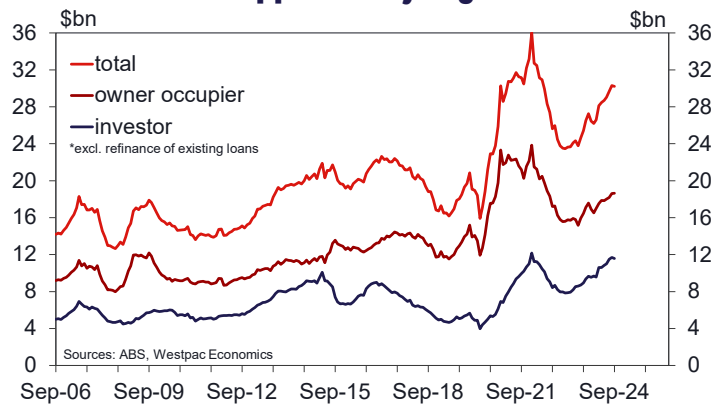
# AUSTRALIAN HOUSING FINANCE BULLETIN

Upturn pauses for breath

## Key points

- The total value of housing finance approvals declined 0.3%*mth* in September, annual growth slowing to 18.9%*yr*.
- A 1% fall in the value of investor loan approvals drove the decline, the fall centred on WA where a very strong surge over the last year may be starting to peak.
- Owner occupier lending was flat rather than weak, first home buyer loans pulling back.
- Overall, the pause in recent months may be an early sign that the upturn is starting to moderate although we will need a few more months of data to be sure.

New finance approvals by segment: value



**Sep new housing finance: -0.3%*mth*, +18.9%*yr***

# Housing finance starting to peak?



**Matthew Hassan**  
Head of Australian Macro-forecasting

The value of new housing finance approvals, excluding refinancing, dipped 0.3% in September, the first monthly decline since the start of the year. Annual growth slowed a touch to 18.9%yr.

The total number of new housing finance loans, excluding refinancing, was about flat, we estimate up 0.1%<sup>mth</sup> in seasonally adjusted terms and 10.4%<sup>yr</sup>. This implies that about 8.5ppts of the annual growth in the value of loans is coming from higher average loan sizes.

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

## Buyer segments and states

The soft September result centred on a 1% decline in the value of loans to investors. Despite this growth has been considerably strong across this segment, up 29.5%<sup>yr</sup> in value terms and 20.8%<sup>yr</sup> in loan numbers, both near historical highs. The detail show the decline was most pronounced in WA, where investor loan growth has been very strong (peaking at 74%<sup>yr</sup> in July). Investor loan growth has also been very strong in SA (running at +48%<sup>yr</sup>) which has shown no moderation in momentum.

The value of owner occupier loans posted a slightly 0.1%<sup>mth</sup> rise to be up 13.1%<sup>yr</sup>. Loans for construction were a bit firmer, up 1%<sup>mth</sup> in value terms. First home buyer lending was weaker, down 3.3%<sup>mth</sup>, annual growth chopping back to 8.8%<sup>yr</sup>.

In contrast to the moderation in investor lending, owner occupier lending continues to rise strongly in WA, up 3.6%<sup>mth</sup>, 31.9%<sup>yr</sup> in value terms. Recent monthly trends have been more mixed across other states but still positive overall. 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 September finance data shows a bit of a pause, with the boom in WA investor lending a notable call-out. Whether this marks the start of a moderation is unclear. Price growth has slowed and the volume of sales in the established market may also be starting to flatten out (noting that there is a downward bias to preliminary estimates affecting the most recent months). The next few months should offer more concrete evidence of whether the upturn is starting to peak. As it stands, the latest finance figures are consistent with housing credit growth lifting towards the 5.5%<sup>yr</sup> pace.

## Housing finance: September 2024

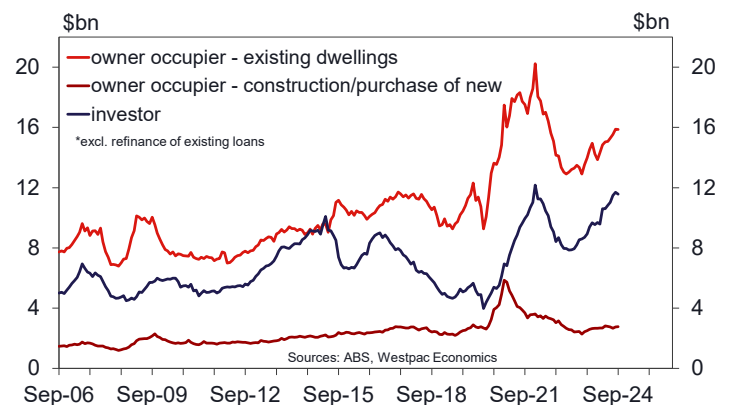
	%chg mth			% chg yr	
	latest	Aug	Sep	Aug	Sep
<b>Number ('000s)</b>					
Owner-occupiers	26.8	-0.3	-0.1	6.1	4.1
Investors <sup>^</sup>	19.0	-6.0	0.4	21.2	20.8
<b>Total housing finance<sup>^</sup></b>	<b>45.8</b>	<b>-2.8</b>	<b>0.1</b>	<b>11.9</b>	<b>10.4</b>
<b>Value (\$bn)</b>					
Owner-occupiers	18.6	2.4	0.1	16.7	13.1
Investors	11.6	1.8	-1.0	34.4	29.5
<b>Total housing finance</b>	<b>30.2</b>	<b>2.1</b>	<b>-0.3</b>	<b>22.9</b>	<b>18.9</b>
Refinance (\$bn)	16.4	-2.7	2.1	-18.4	-11.9
Total incl. refinance (\$bn)	46.6	0.4	0.5	4.5	5.9

### Other indicators:

	avg <sup>^</sup>	Jul	Aug	Sep	Oct <sup>^</sup>
Auction clearance rate %	64.4	65.9	65.0	61.7	60.4
Dwelling prices, ann%chg	5.5	8.0	7.3	6.8	6.2

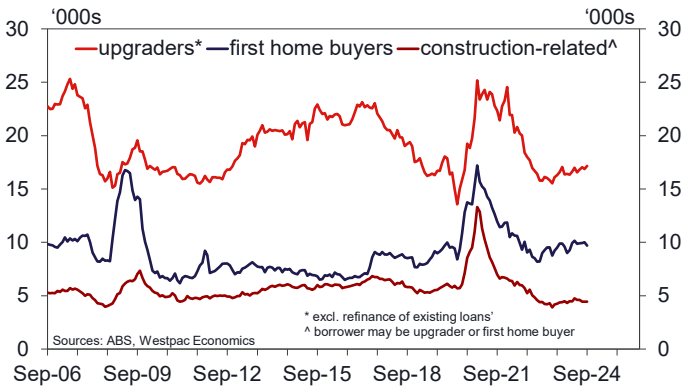
\* unless specified, all figures exclude refinance. Where specified, refinance is 'external' only, i.e. with a new lender; <sup>^</sup> seasonally adjusted by Westpac.  
Sources: ABS, CoreLogic, APM, Westpac Economics

## New finance approvals by detailed segment

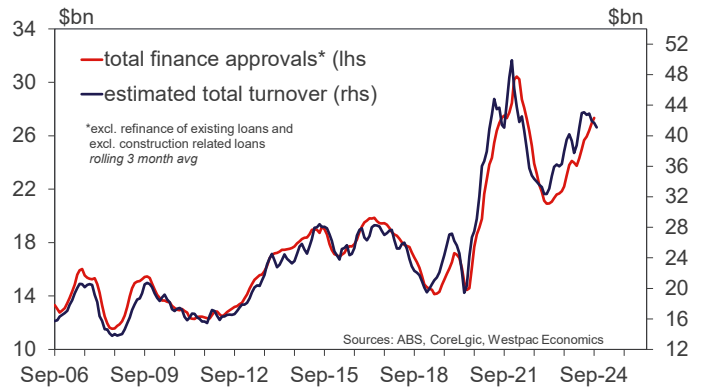


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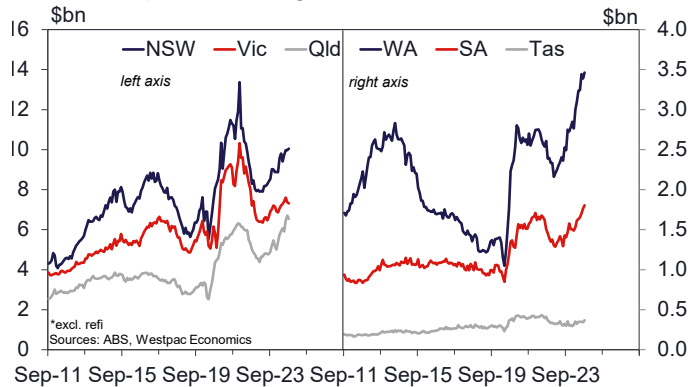
### Owner occupier finance approvals (number)



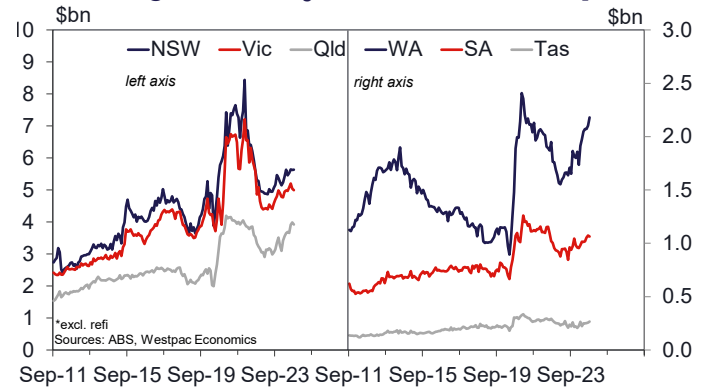
### New finance approvals vs value of sales



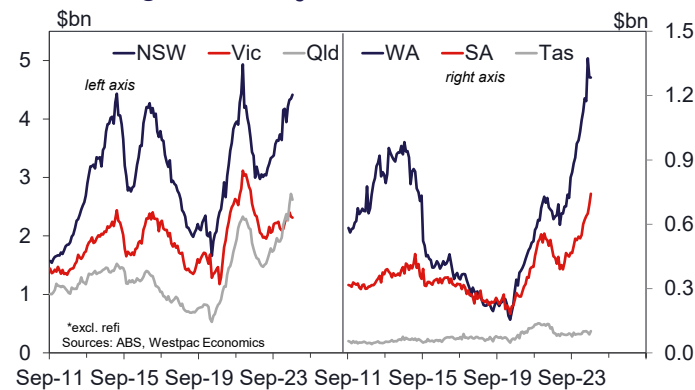
### Housing finance by state: total value



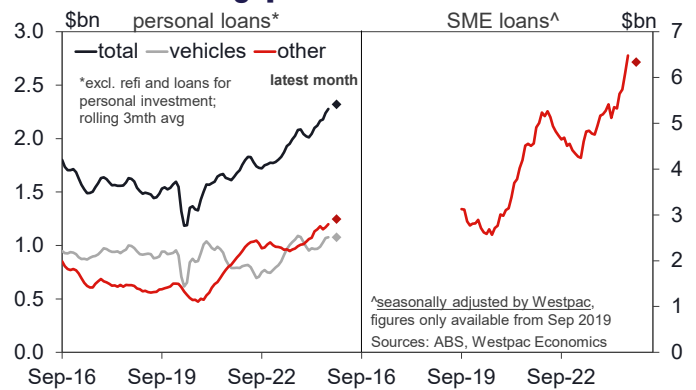
### Housing finance by state: owner occupier



### Housing finance by state: investor



### Other lending: personal finance and SME loans



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