

13 August 2025

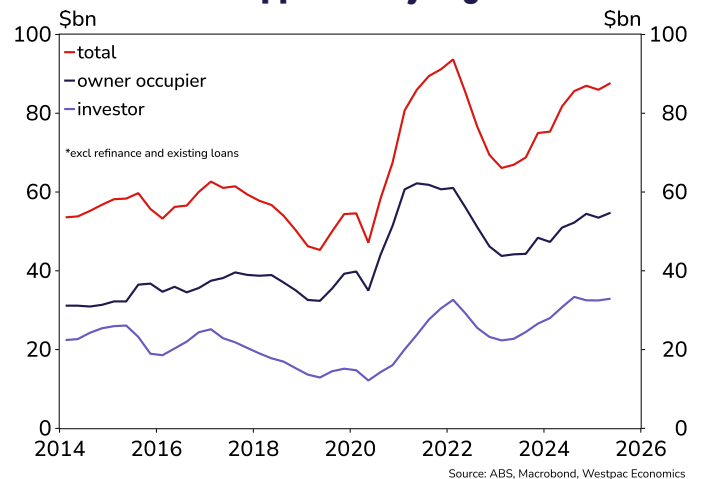
# AUSTRALIAN DWELLING FINANCE BULLETIN

## Lending regains momentum in Q2

### Key points

- The total value of dwelling finance approvals rose 2.0%qtr in Q2, with the Q1 decline pared back. The annual growth pace moderated to 7.2%yr which is near a two-year low.
- The number of loans also lifted to be 1.9%qtr higher, though the annual pace slowed sharply to 0.2%yr.
- The value of investor loans recovered following back-to-back falls (+1.4%qtr) and was outpaced by a 3.5%qtr lift in numbers. Notable strength was seen in WA, SA and Vic.
- Owner occupier loans values rose 2.4%qtr, with the first-home buyer segment up 5.7%qtr.
- The Q1 dip now looks more like an outlier. Reductions in the RBA cash rate are still working their way through the system and should support the lending outlook for the remainder of 2025.

New finance approvals by segment: value



**Q2 new dwelling finance:**  
**+2.0%qtr,**  
**+7.2%yr**

# Investor loans back on the rise



**Neha Sharma**  
Economist

The value of new dwelling finance approvals, excluding refinancing, rose 2.0%qtr, slightly below Westpac's forecast of 3.0%qtr. The Q1 print was revised up by 0.4ppts to -1.2%qtr. Over H1 2025, approvals were up 0.4% from the previous half-year. Meanwhile, annual growth eased to 7.2%yr, which is the slowest pace since late-2023.

The number of new dwelling finance loans, excluding refinancing, rose 1.9%qtr, with the annual growth rate slowing sharply to 0.2%yr from 5.9%yr in Q1. This suggests that rising average loan sizes accounted for 7ppts (or 97%) of the annual increase in loan values.

Unless otherwise specified, figures in the tables, charts and commentary are approvals for dwelling finance (covering construction of new dwellings, purchase of new dwellings and purchase of existing dwellings) excluding refinance.

## The details

The total value of new owner occupier loans rose 2.4%qtr, with loan numbers up a milder 0.9%qtr. Loans for the construction of dwellings jumped 5.6%qtr, while loans for the purchase of newly built dwellings (which includes 'off the plan' apartments) fell for a fourth straight quarter (-2.1%qtr) to be -13.6%yr lower. By state, the strongest lift in the total value of owner occupier loans came from Vic (4.1%qtr) followed by SA (3.2%qtr), Qld (2.6%qtr), WA (1.8%qtr) and NSW (0.0%qtr). However, loan numbers only increased in SA and Qld. First-home buyer owner occupier loans rebounded 5.7%qtr, though volumes remain soft.

After back-to-back declines, investor loan values lifted 1.4%qtr in Q2. More notably, loan numbers were up 3.5%qtr, – the first time in a year that numbers have outpaced values, implying a fall in average loan size. WA, SA and Vic were the strongest markets in the quarter. Investor loans have generally eased with Qld and SA the only states recording annual growth above 10%yr.

Personal finance approval values extended their near three-year run of gains, up 5.3%qtr. The rise was driven by a 7.0%qtr rebound in 'other purpose' loans (e.g. for travel household and personal goods etc), and a 2.8%qtr lift in vehicle loans.

The Q1 dip now looks more like an outlier with the housing market continuing to demonstrate solid momentum. The RBA's February and May rate cuts are still working their way through the system and now with yesterday's additional cut the lending outlook for the rest of 2025 looks positive. That said, stretched affordability will continue to cap the pace of growth.

## Dwelling finance: Q2 2025

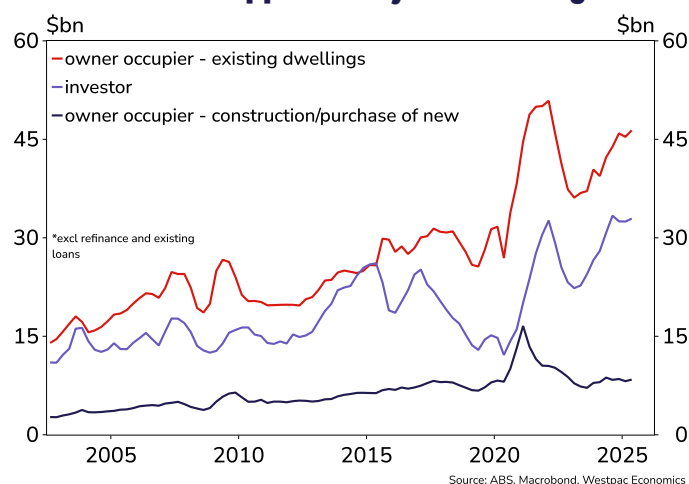
	%chg qtr			% chg yr	
	latest	Q1	Q2	Q1	Q2
Number ('000s)					
Owner-occupiers	80.9	-3.1	0.9	4.2	-0.2
Investors	49.1	-3.2	3.5	8.8	0.8
<b>Total dwelling finance^</b>	<b>130.0</b>	<b>-3.2</b>	<b>1.9</b>	<b>5.9</b>	<b>0.2</b>
Value (\$bn)					
Owner-occupiers	54.7	-1.8	2.4	13.0	7.4
Investors	32.9	-0.1	1.4	16.0	6.9
<b>Total dwelling finance</b>	<b>87.7</b>	<b>-1.2</b>	<b>2.0</b>	<b>14.1</b>	<b>7.2</b>
Land and renovations	<b>5.7</b>	<b>0.7</b>	<b>3.2</b>	<b>15.1</b>	<b>10.3</b>
Refinance	56.3	4.0	2.6	28.9	28.9
<b>Total housing incl. refinance</b>	<b>149.6</b>	<b>0.8</b>	<b>2.3</b>	<b>19.3</b>	<b>14.6</b>

### Other indicators:

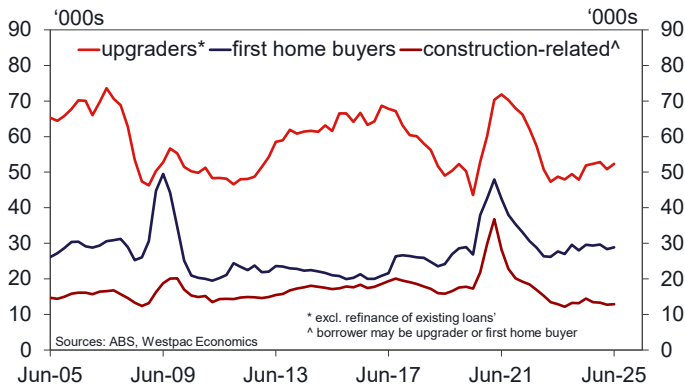
	avg^	May	Jun	Jul	Aug^
Auction clearance rate^ %	64.2	61.4	65.7	64.0	67.8
Dwelling prices, ann%chg	4.7	3.0	2.9	3.0	3.1

\* unless specified, all figures exclude land, additions and alterations, and refinance. Where specified, refinance is 'external' only, i.e. with a new lender. ^ based on figures for month to date, seasonally adjusted by Westpac.  
Sources: ABS, CoreLogic, APM, Westpac Economics

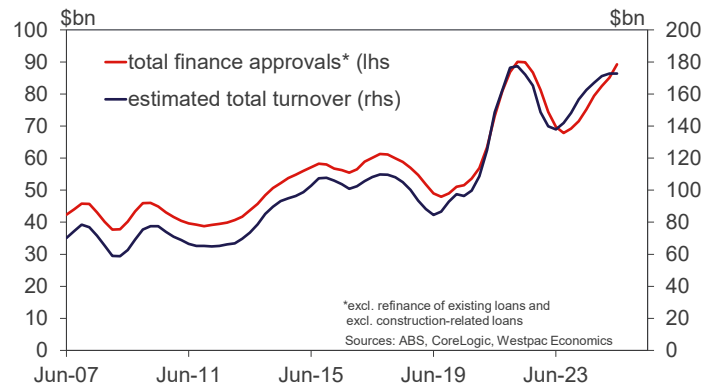
## New finance approvals by detailed segment



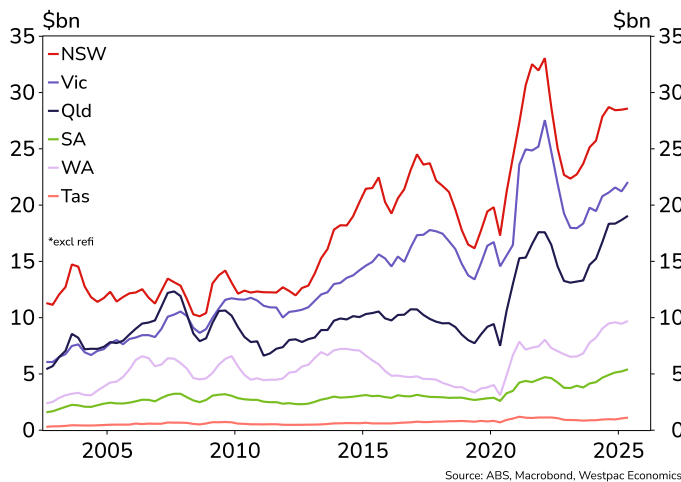
## Owner occupier finance approvals (number)



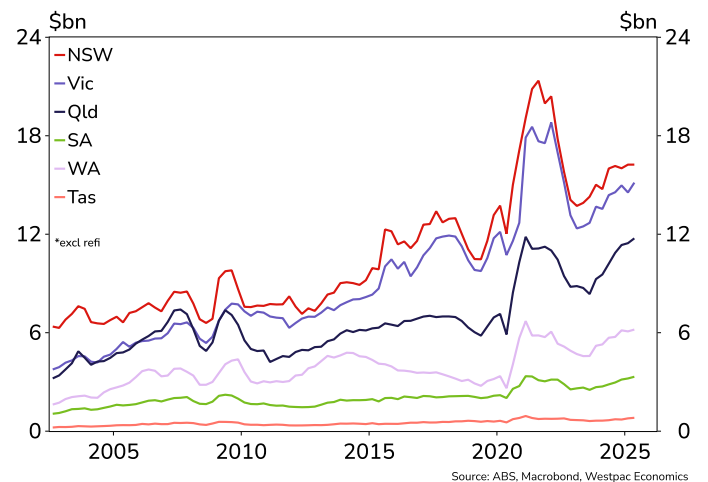
## New finance approvals vs value of sales



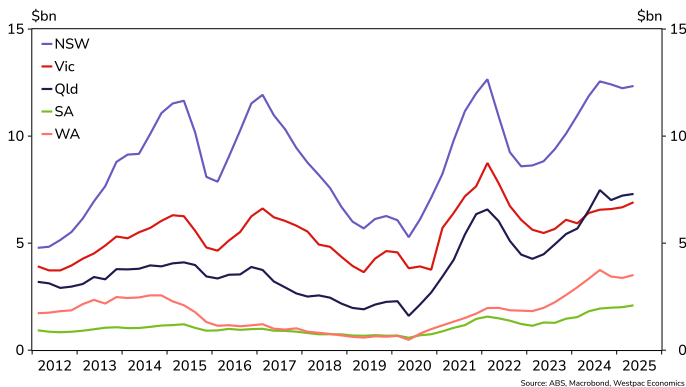
## Dwelling finance by state: total value



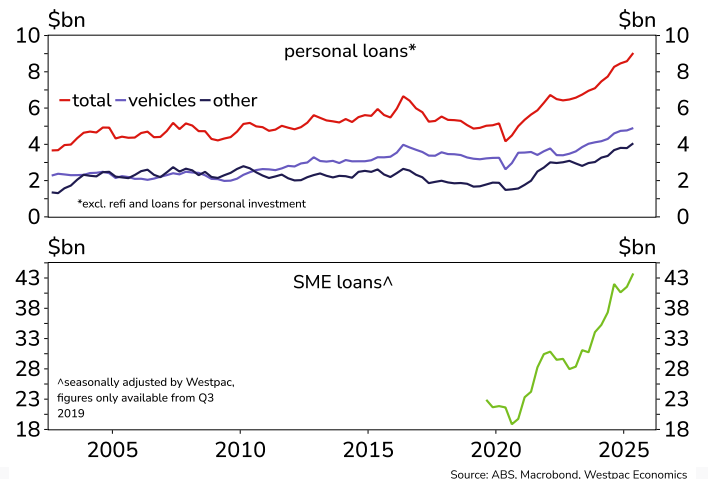
## Dwelling finance by state: owner occupier



## Dwelling finance by state: investor



## Other lending: personal finance and SME loans



Past performance is not a reliable indicator of future performance. The forecasts given above are predictive in character. Whilst every effort has been taken to ensure that the assumptions on which the forecasts are based are reasonable, the forecasts may be affected by incorrect assumptions or by known or unknown risks and uncertainties. The results ultimately achieved may differ substantially from these forecasts.



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