



30 September 2025

AUSTRALIAN PRIVATE CREDIT BULLETIN

Higher pace established

- Private sector credit growth remained consistent with the 0.6-0.7%*mth* monthly pace seen in the last few months, which represented a step up from 0.5% average growth in 2024 and early 2025. The annual pace remained unchanged at 7.2%
- After eleven consecutive 0.5%*mth* monthly increases, housing credit growth inched higher to 0.6%*mth*, driven mainly by higher investor credit.
- Other personal credit growth ticked up from 0.4% to 0.5%*mth*, slightly above its average pace since the beginning of the year. On an annual basis, growth accelerated to 4.1%, marking the strongest increase since 2008.
- Business credit growth eased from 1.3%*mth* to 0.6%*mth*, but the underlying pace remains strong, driven by mining and 'structurally driven' sectors, such as utilities and IT.

Private sector credit, August 2025

Item	% <i>mth</i>		% <i>yr</i>	
	Jul	Aug	Jul	Aug
Total credit	0.7	0.6	7.2	7.2
Business	1.3	0.6	10.0	9.9
Other personal	0.4	0.5	3.6	4.1
Housing, total	0.5	0.6	6.0	6.1
Owner-occupier	0.4	0.5	5.7	5.7
Investor	0.6	0.7	6.6	6.9

Source: ABS, Westpac Economics.

**August:
+0.6%*mth*,
+7.2%*yr***

New higher trend established



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Private sector credit has maintained a remarkably steady upward trajectory throughout 2024 and into early 2025, with monthly increases averaging 0.5%*mt*. Over recent months, we have observed a modest acceleration, with the pace lifting to 0.6%-0.7%*mt*. The latest RBA figures revealed a 0.6%*mt* rise in August, in line with this elevated trend, though slightly down from the 0.7%*mt* growth recorded in July. As a result, the annual growth rate held firm at 7.2% – its highest level since early 2023.

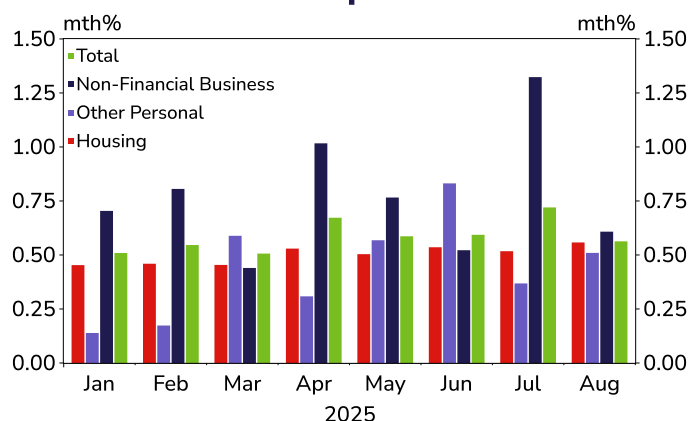
Across the major private credit components:

- Housing credit (accounting for 63% of total private credit) saw growth edge up from the stable 0.5% monthly rate of the preceding eleven months to 0.6%*mt*. Notably, it has been more than three years since we last saw an increase of this magnitude. This acceleration largely reflects the recent uptick in house prices, as lower borrowing rates – three RBA cash rate cuts have been passed through to borrowers – provided renewed impetus to the housing market. The latest increase was primarily driven by a surge in investor borrowing, which climbed 0.7%*mt* – a segment which tends to be more reactive to shifts in market conditions. In contrast, owner-occupier growth remained steady, rising by 0.5%*mt*.
- Other personal credit (representing 4% of total private credit) growth ticked up from 0.4% to 0.5%*mt*, slightly above its average pace since the beginning of the year. On an annual basis, growth accelerated to 4.1%, marking the strongest increase since 2008, when the pace moderated permanently following the GFC. We believe this firmer momentum may reflect structural changes in how consumer purchases are financed. Additionally, somewhat stronger household spending, as seen in the June quarter National Accounts, could also be contributing to this trend.
- Business credit (constituting 33% of total private credit) rose by 0.6%*mt*, a step down from the 1.3% monthly increase reported in July (revised down from 1.4%*mt*). This segment is typically more volatile, but the latest figures indicate that business credit has retained its robust momentum. For instance, the annual pace of growth remained strong and was virtually unchanged from the previous month, at 9.9%. Sectoral data up to July continued to show mining and utilities leading the way, with IT, financial services, and residential construction also showing notable strength.

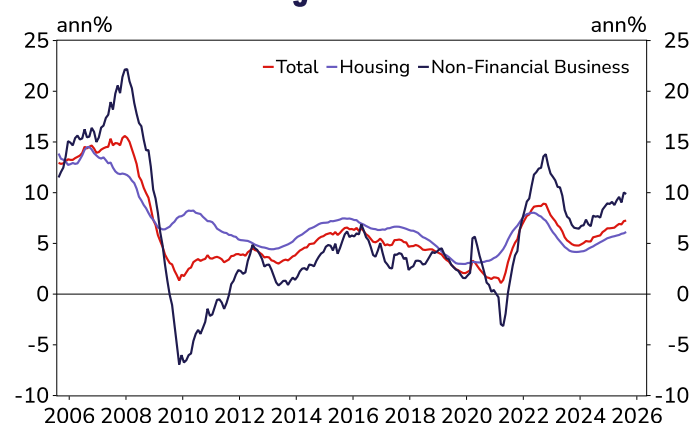
Looking ahead, we anticipate that private sector credit will maintain its elevated pace in the near-term. Further RBA interest rate reductions are likely to sustain momentum in the housing market, although we expect any additional upside

in housing credit growth may be capped, owing to limited new housing supply which is constraining sales and turnover. Similarly, for business credit, continued high commodity prices – gold in particular, which is delivering attractive margins for domestic miners – are expected to underpin mining sector credit growth in the coming months, but in the longer term momentum might begin to fade as commodity prices start adjusting lower. Among other sectors, investment growth in 'structurally-driven' sectors, such as IT and utilities, will also eventually run its course, and unless we see higher growth in more cyclical industries, such as retail trade and manufacturing, business credit might face some downward pressure.

Private Sector Credit Components



Private sector credit growth





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