



31 October 2025

AUSTRALIAN PRIVATE CREDIT BULLETIN

New trend fully established

- Private sector credit growth remained elevated in September, continuing to grow at 0.6%*mt*, a slightly higher pace than the average over 2024 and early 2025. The annual pace was unchanged from the upwardly revised 7.3%*yr*.
- Housing credit growth held steady at 0.6%*mt* for a second month, following a consistent 0.5%*mt* rate over the previous eleven months. The investor category reported a 0.8%*mt* increase, the steepest rise in over ten years.
- Other personal credit growth remained unchanged at 0.5%*mt*, slightly above its average pace since the start of the year. On an annual basis, growth accelerated to 4.4%*yr*, marking a new high since 2008.
- Business credit was a weaker aspect of the report, with its 0.4%*mt* increase among the smallest in the past two years. The annual pace eased to 9.5%*yr*, having reached double digits two months earlier.

Private sector credit, September 2025

Item	% <i>mt</i>		% <i>yr</i>	
	Aug	Sep	Aug	Sep
Total credit	0.6	0.6	7.3	7.3
Business	0.6	0.4	9.9	9.5
Other personal	0.5	0.5	4.1	4.4
Housing, total	0.6	0.6	6.1	6.3
Owner-occupier	0.5	0.5	5.7	5.8
Investor	0.7	0.8	7.0	7.3

Source: ABS, Westpac Economics.

**September:
+0.6%*mt*,
+7.3%*yr***

Higher growth established



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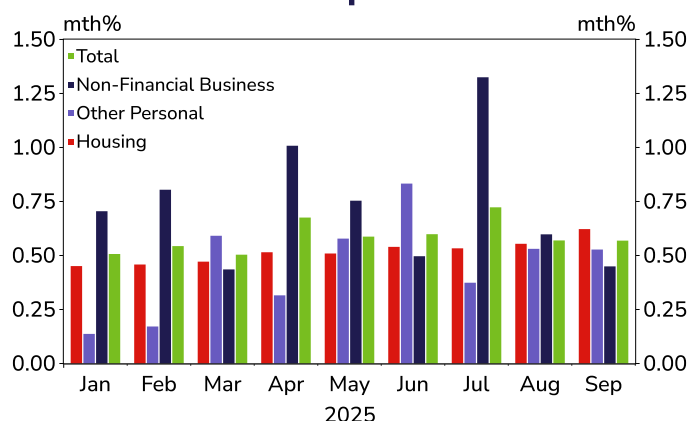
Throughout 2024 and into early 2025, private sector credit was on a steady upward trajectory, increasing by 0.5%*mt*. Since April, we have observed this trend picking up, with the monthly pace inching higher and oscillating between 0.6%*mt* and 0.7%*mt*. The latest data release for September once again showed an increase of 0.6%*mt*, unchanged from August, suggesting that private credit is now fully aligned to the higher growth rate. Following an upward revision to the August data, the annual pace of growth remained unchanged at 7.3%*yr*, the highest level in the current cycle.

Breaking down the major components of private credit:

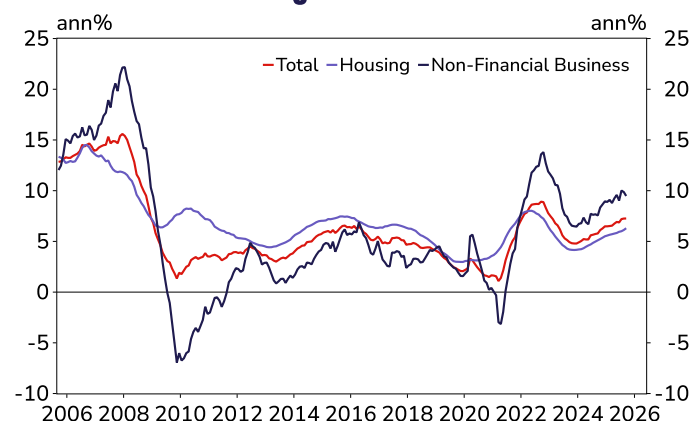
- Housing credit (accounting for 63% of total private credit) saw growth at 0.6%*mt* for a second month in a row after eleven consecutive 0.5%*mt* prints. The pick-up is consistent with other housing indicators recently, including higher price growth, which suggest that housing demand reacted positively to RBA interest rate cuts this year. The figures also highlight diverging trends between two main categories – owner occupiers and investors. The former is seeing credit growth remain steady, with monthly increases at 0.5%*mt*, in line with the last year's average, and the annual pace at 5.8%*yr*, only one tenth higher in comparison to where it was at the start of the year. Meanwhile, the momentum among investor credit has firmed. The pick up in September of 0.8%*mt* was the steepest in over ten years, and its annual pace of 7.3%*yr* is up by over 2ppt in the last nine months.
- Other personal credit (representing 4% of total private credit) growth was unchanged at 0.5%*mt*, matching the average pace since March, when growth took a step higher. The monthly profile implies that three month growth in the September quarter was only slightly lower in comparison to the June quarter, and both were well above the pace of increase seen in 2024. The move might be signalling that higher consumer spending growth reported in the June quarter persisted into the September quarter. This message would be consistent with the latest insights from [the Westpac Card Tracker](#) published this week.
- Business credit (constituting 33% of total private credit), which was the main driver of growth over the course of last twelve months, was a weaker spot this time. Growth eased from 0.6%*mt* to 0.4%*mt*, among the slowest in the last two years and well below the average pace of 0.7%*mt* this year. The annual pace fell to 9.5%*yr*, having hit double digits two months earlier. It is worth noting that business credit tends to be more volatile in comparison to housing credit, and the last two readings might represent some payback after the 1.3%*mt* jump in July.

Looking ahead, private sector credit should maintain its momentum in the near term. Following the upward surprise in the Q3 CPI data, [we have revised our expectations for the RBA policy rate path](#), pushing out the expected rate cuts into May and August 2026 to a trough of 3.10% versus our previous call for a trough of 2.85%. This may place some additional downward pressure on credit growth next year and beyond, particularly in the housing credit category. On the other hand, the outlook for consumers is increasingly positive, and we have recently revised our consumption forecasts higher. This improvement has the potential to offset any headwinds from slightly higher interest rates.

Private Sector Credit Components



Private sector credit growth





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