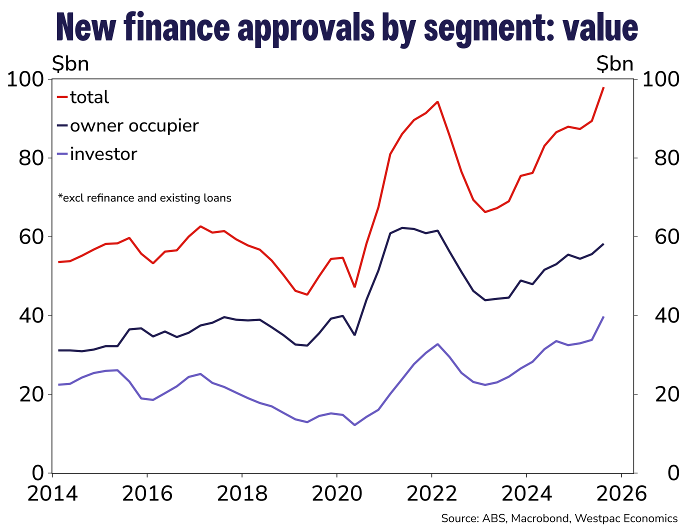
12 November 2025

AUSTRALIAN DWELLING FINANCE BULLETIN

NSW and Vic drive lending activity

Key points

- The total value of dwelling finance approvals rose 9.6%qtr in Q3, with Q2 revised higher. The annual growth pace lifted to 13.2%yr, driven mostly by rising average loan size.
- The number of loans rose 6.4%qtr to be 5.8%yr higher.
- Investor lending values (+17.6%qtr) hit record highs but its share of total loans remains below its previous peak. Meanwhile, owner-occupier loans rose 4.7%qtr.
- Both borrower types saw similar growth drivers, with NSW and Victoria leading the gains and purchases of new dwellings emerging as the primary purpose.
- While the impact of this year's RBA rate cuts will gradually fade, the current housing supply-demand imbalance alongside a recent re-tightening in rental markets should lend a hand to lending activity.



Q3 new dwelling finance: +9.6%qtr, +13.2%yr

Investor activity becomes more prominent

Neha Sharma
Economist

The value of new dwelling finance approvals, excluding refinancing, rose 9.6%qtr. This was the strongest quarterly rise since Q2 2021 and the result was well above both our and the market consensus expectations. The Q2 print was revised up to 2.4%qtr. The annual pace gathered some momentum lifting to 13.2%yr.

The number of new dwelling finance loans, excluding refinancing, rose 6.4%qtr, with the annual growth rate bouncing to 5.8%yr from 0.6%yr in Q2. This suggests that rising average loan sizes accounted for 7.4ppts of the annual increase in loan values.

Investor lending was the key driver, with the number of loan approvals surging +13.6%qtr and total values posting its largest gain in four years (+17.6%qtr), both of which are now at record highs. Purchase of new dwellings (including off-the-plan apartments) saw a 27.2%qtr rise, following three consecutive falls. The strongest rises were seen in NSW (20.4%qtr) and Vic (16.3%qtr), with Tas seeing a notable 41.3%yr rise. Investors' share of total lending (~41%) is still below previous highs.

The value of new owner occupier loans rose 4.7%qtr, with loan numbers up 2.0%qtr. After falling for a year, loans for the purchase of new dwellings bounced back 17.8%qtr, meanwhile loans for construction of dwellings fell –0.2%qtr. All states were up in values terms with NSW (6.8%qtr) and Vic (3.8%) once again leading. The number of loans fell in Qld (–0.8%qtr), SA (–2.7%qtr) and WA (–1.5%qtr), the latter on its third consecutive quarter of declines. Homebuyer sentiment is noticeably weaker in these states, likely as affordability constraints start to bite. First home buyer owner occupier loan values lifted 1.1%qtr but the average loan value fell –1.1%qtr.

Personal finance approval values extended their now three-year run of gains, up 2.8%qtr. The rise was driven by a 8.7%qtr rise 'other purpose' loans (e.g. for travel household and personal goods etc), and a 0.4%qtr lift in vehicle loans.

The recent burst in lending activity immediately following this year's RBA rate cuts will start to fade, though several factors are poised to support the lending outlook further out. Firstly, the government's expanded 5% deposit scheme started on 1 October ,which should lend a hand to first home buyer activity. Secondly, the recent tightening in rental vacancy rates could keep investor activity prominent. Finally, the supply-demand imbalance in the housing market should continue to put a floor under price and lending growth. Prices strengthened in Oct and the daily data for Nov hints at a further pick-up.

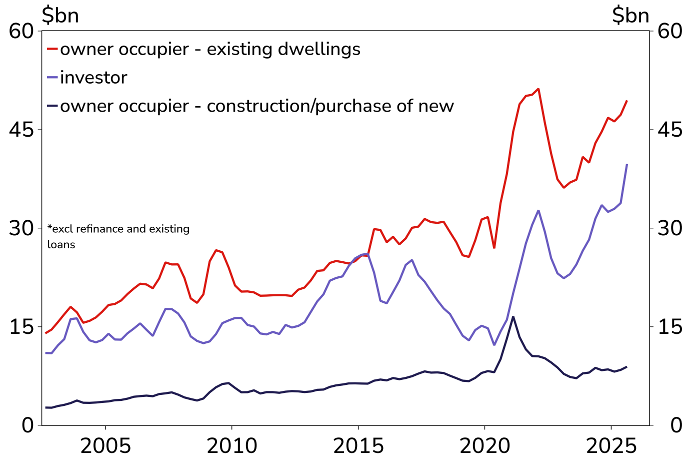
Dwelling finance: Q3 2025

		%chg qtr		% chg yr	
	latest	Q2	Q3	Q2	Q3
Number ('000s)					
Owner–occupiers	83.8	0.9	2.0	0.2	1.7
Investors	57.6	5.9	13.6	1.3	12.3
Total dwelling finance^	**141.5**	**2.8**	**6.4**	**0.6**	**5.8**
Value ($bn)					
Owner–occupiers	58.2	2.2	4.7	7.7	9.8
Investors	39.8	2.6	17.6	7.5	18.7
Total dwelling finance	98.0	2.4	9.6	7.6	13.2
Land and renovations	**6.3**	**3.9**	**9.2**	**10.2**	**18.0**
Refinance	65.8	3.2	4.8	27.2	25.2
Total housing incl. refinance	170.1	2.7	7.7	14.7	17.8

Other indicators:					
	avg^	Aug	Sep	Oct	Nov^
Auction clearance rate^ %	64.3	68.5	65.3	67.1	71.6
Dwelling prices, ann%chg	5.1	3.9	4.6	5.6	7.0

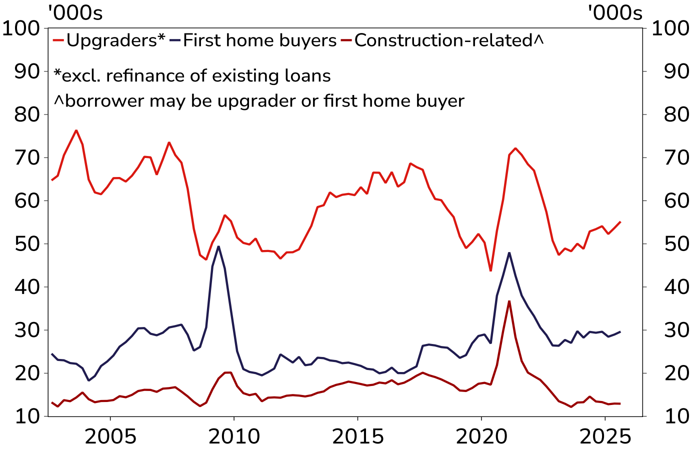
* unless specified, all figures exclude land, additions and alterations, and refinance. Where specified, refinance is 'external' only, i.e. with a new lender. ^ based on figures for month to date, seasonally adjusted by Westpac.
Sources: ABS, Cotality, APM, Westpac Economics

New finance approvals by detailed segment



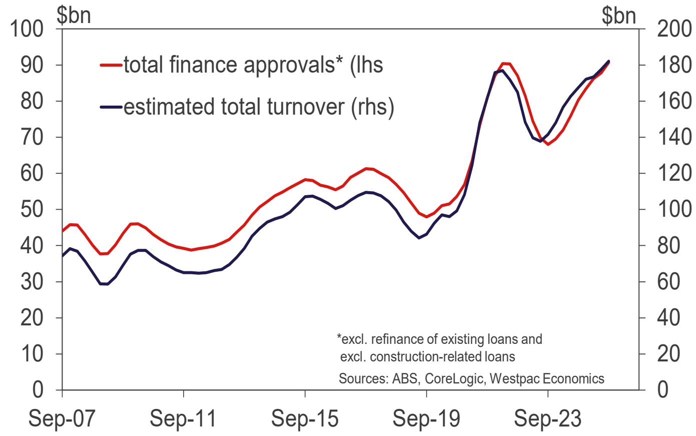
Source: ABS, Macrobond, Westpac Economics

Owner occupier finance approvals (number)

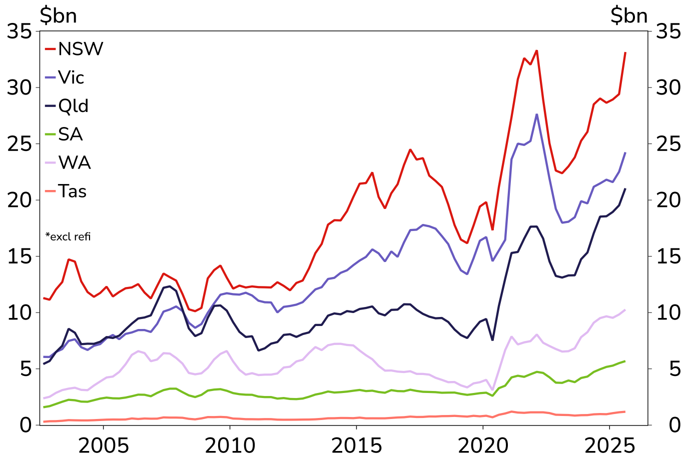


Source: ABS, Macrobond, Westpac Economics

New finance approvals vs value of sales

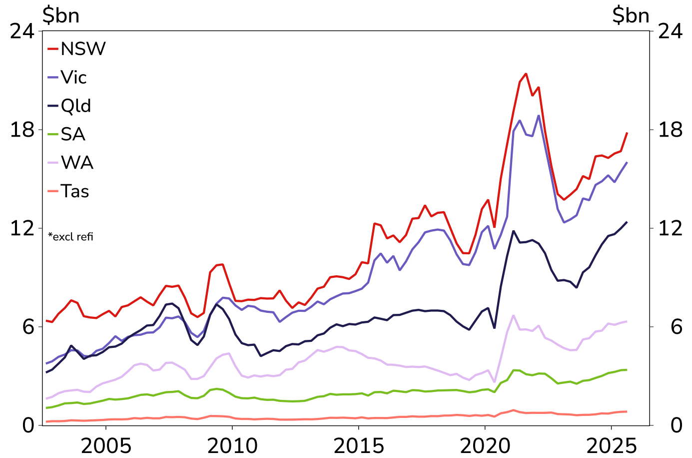


Dwelling finance by state: total value



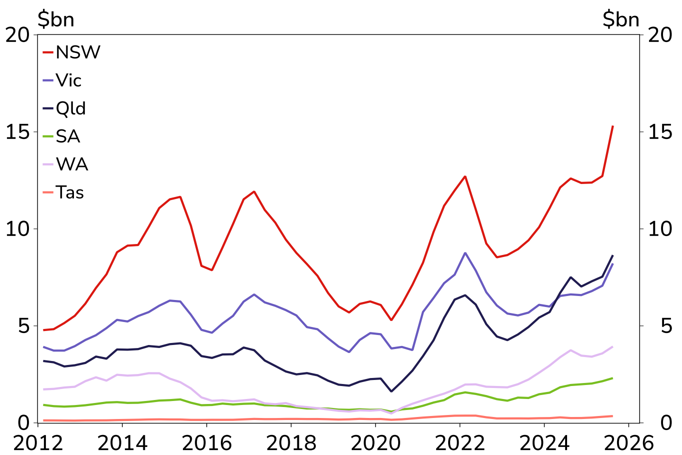
Source: ABS, Macrobond, Westpac Economics

Dwelling finance by state: owner occupier



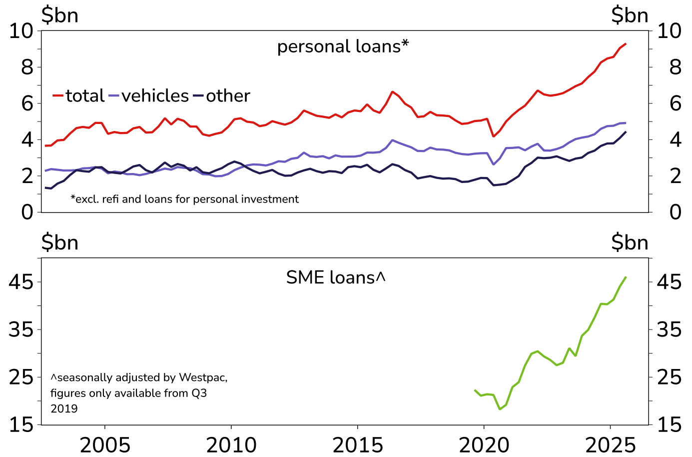
Source: ABS, Macrobond, Westpac Economics

Dwelling finance by state: investor



Source: ABS, Macrobond, Westpac Economics

Other lending: personal finance and SME loans



Source: ABS, Macrobond, Westpac Economics

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