28 November 2025

AUSTRALIAN PRIVATE CREDIT BULLETIN

Onwards and upwards

- Private sector credit growth accelerated in recent months, with October data showing a robust 0.7%mth increase, exceeding our forecast and consensus expectations.
- Housing credit growth remained firm, with owner-occupier growth steady at 0.5%mth and investor credit surging to 0.9%mth, the fastest since early 2015.
- Other personal credit growth slowed to 0.2%mth in October, the weakest result this year, although this segment is typically volatile and recent softness may not signal a lasting trend.
- Business credit rebounded to 0.8%mth, after a couple of softer months, confirming that momentum in business credit remains intact.

Private sector credit, October 2025

	%mth		%yr	
Item	**Sep**	**Oct**	**Sep**	**Oct**
Total credit	0.6	0.7	7.2	7.3
Business	0.5	0.8	9.4	9.3
Other personal	0.5	0.2	4.4	4.4
Housing, total	0.6	0.6	6.3	6.5
Owner–occupier	0.5	0.5	5.8	5.9
Investor	0.8	0.9	7.3	7.8

Source: ABS, Westpac Economics.

October: +0.7%mth, +7.3%yr

Private credit growth ticks higher again

Mantas Vanagas
Senior Economist

Private sector credit growth accelerated this year, rising from the average pace of 0.5%mth to record increases of 0.6%mth and 0.7%mth each month since April. For October, both our forecast and market consensus anticipated another 0.6%mth increase, but the data came in slightly stronger at 0.7%mth (rounded up from 0.67%mth).

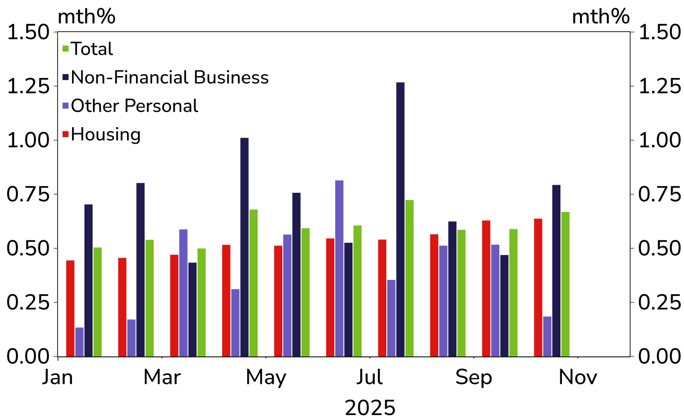
- Housing credit (63% of total private credit) has been a key source of strength in recent months. After holding steady at 0.5%mth for an extended period, it ticked higher to 0.6%mth in both August and September, and the latest reading for October also showed 0.6%mth growth. To two decimal places, growth was 0.64%mth, indicating slightly firmer momentum within the rounding range, which signals potential upside risks to in the coming months.
- The breakdown by category – owner-occupiers and investors – reveals some notable dynamics. As seen previously, owner-occupier housing credit continued to grow at a steady 0.5%mth pace. Meanwhile, investor credit growth accelerated to 0.9%mth, a pace last observed in early 2015. The annual rates further illustrate these trends: owner-occupier housing credit rose 5.9%yr in October, a 0.2 ppt increase compared to three months ago. Over the same period, the equivalent growth rate for investors climbed by 1.2 ppt to 7.8%yr.
- Other personal credit (4% of total private credit) growth was softer this month, easing to 0.2%mth – the slowest pace since the start of the year and down from the 0.5%mth average pace over the prior six months, when stronger consumer spending appeared to support credit growth. This category tends to be more volatile, so at this stage we are not placing too much emphasis on the slower pace reported in a single month.
- Business credit (33% of total private credit) growth rose from 0.5%mth in September to 0.8%mth, in line with the recent average. While slightly lower readings in the past couple of months may have suggested the pace was starting to soften, today's figures confirm that business credit momentum remains intact.

Looking ahead, private sector credit growth is expected to remain elevated. Yesterday's strong increase in business capex spending in Q3 suggests that the economic upswing is broadening, with businesses across a range of sectors investing more. This is consistent with business borrowing remaining strong, even if it moderates from the recent high pace. At the same time, housing market momentum remains firm, though the higher interest rate outlook than previously anticipated may begin to have some dampening effects.

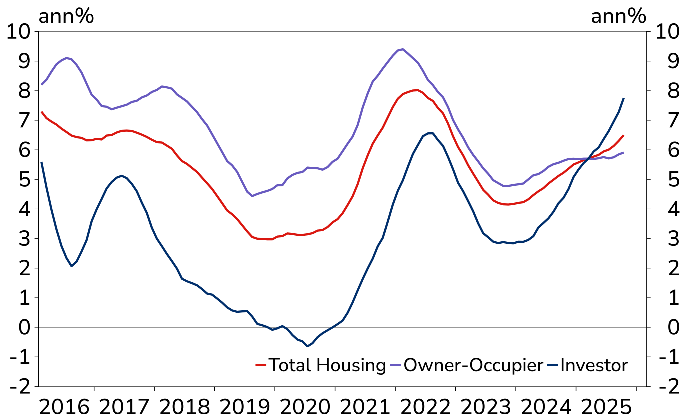
The government's 5% Deposit Scheme for first home buyers, now under more generous rules with income caps removed and property price caps increased, may provide additional support. Government data indicate that the scheme had a strong start in early October, which could mean credit growth has already been lifted by this policy. However, a significant proportion of these buyers may have purchased property regardless, so it remains to be seen how much new lending the scheme will generate.

On the other hand, the prospect of rising credit growth has attracted the attention of regulators. Yesterday, APRA announced a new measure limiting the riskiest home loans with a debt-to-income ratio at or in excess of 6x to 20%. While this limit is far from binding at the aggregate level, it could still constrain some individual lenders. Westpac Chief Economist Luci Ellis explains this in more detail in her note.

Private Sector Credit Components



Housing Credit Growth



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