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AUSTRALIAN PRIVATE CREDIT BULLETIN

Investor credit continues to slow

- Private sector credit growth came in slightly firmer than expected at 0.6%*mt*, above Westpac's and the market's forecast for a 0.5%*mt* gain.
- Housing credit eased from 0.5%*mt* to 0.4%*mt* in Aug, but the move was only very slight, down 0.02ppt in the month.
- Investor credit growth remains the at the forefront of the housing credit story, with the monthly growth pace more than halving over the past two months. Meanwhile, owner-occupier credit growth remains stable.
- Despite some recent slowing, business credit remains a source of strength, up 0.9%*mt* in Aug and with annual growth settling in the low double digits.
- The outlook for interest rates has been revised higher following yesterday's RBA rate hike. This will eventually weigh on housing credit growth more broadly over the period ahead.

Private sector credit, August 2026

Item	% <i>mt</i>		% <i>yr</i>	
	Jul	Aug	Jul	Aug
Total credit	0.6	0.6	8.4	8.4
Business	1.0	0.9	10.6	10.9
Other personal	0.5	0.7	4.8	5.1
Housing, total	0.5	0.4	7.5	7.3
Owner-occupier	0.5	0.5	6.2	6.2
Investor	0.4	0.3	10.1	9.6

Source: RBA, Westpac Economics.

**August:
+0.6%*mt*,
+8.4%*yr***

Credit growth slowing, but uneven



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Private sector credit growth came in slightly firmer than expected at 0.6%*mt* in August, above Westpac's and the market's forecast for a 0.5%*mt* gain, leaving credit growth running at 8.4%*yr*. Growth in housing credit continued to ease, as we expected, though the mix highlights that the waning in momentum is uneven, centred on investors rather than owner-occupiers. Business credit meanwhile remains a source of strength, notwithstanding some slowing recently.

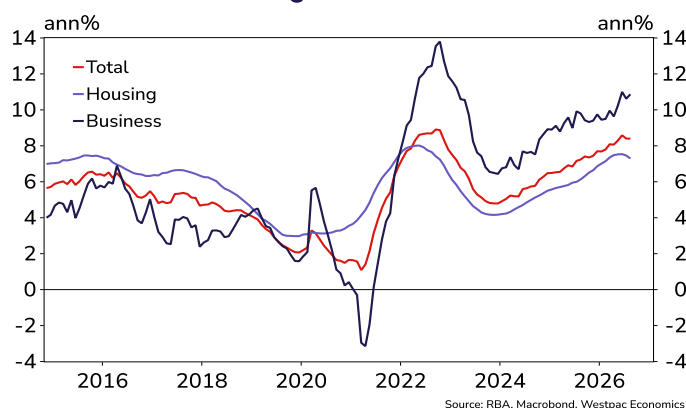
- Housing credit, which accounts for circa 60% of total credit, eased a touch further, from 0.5%*mt* in Jul to 0.4%*mt* in Aug. At two decimal places, the move was only 0.02p*pt* in magnitude (from 0.46%*mt* to 0.44%*mt*). That brings the annual pace down from 7.5%*yr* to 7.3%*yr*, continuing the deceleration that started to emerge last month.
- Within housing, the slowdown in investor credit growth remains the centre of attention – from an average of 0.8%*mt* over the first half of the year, stepping down to 0.4%*mt* in Jul, and now 0.3%*mt* in Aug. Growth in owner-occupier credit meanwhile remains more-or-less stable, holding at a 0.5%*mt* pace since the start of the year. At the margin, credit growth has eased very slightly, from 0.49%*mt* in H1 2026 to 0.46%*mt* in Jul and Aug.
- Growth in other personal credit, the smallest of the major categories, remains volatile. In the event, Aug was firmer at 0.7%*mt*, up from 0.5%*mt* in Jul. The current pace is starting to look slightly firmer than last year, with annual growth up to 5.1%*yr*.
- Business credit growth has continued to slow following the step-up around mid-year, down incrementally from 1.2%*mt* in May to 0.9%*mt* in Aug. This is still a fairly strong result by historical standards, suggesting firms are continuing to borrow for both working capital and investment opportunities. On a year-ended basis, growth continues to hold broadly in the 10-11%*yr* range.

One of the main takeaways from today's data is that the slowdown in housing credit growth is looking more assured, though at this stage, it remains largely centred on investors rather than owner occupiers. This suggests that tax changes for investment properties are likely to be the main catalyst, with the timing of the shift – a couple of months after the Federal Budget announcement in May – consistent with the typical lags in the credit delivery process. With the RBA raising the cash rate yesterday and a [follow-up rate hike now expected in November](#), the higher interest rate environment is set to weigh more broadly on housing credit over the period ahead.

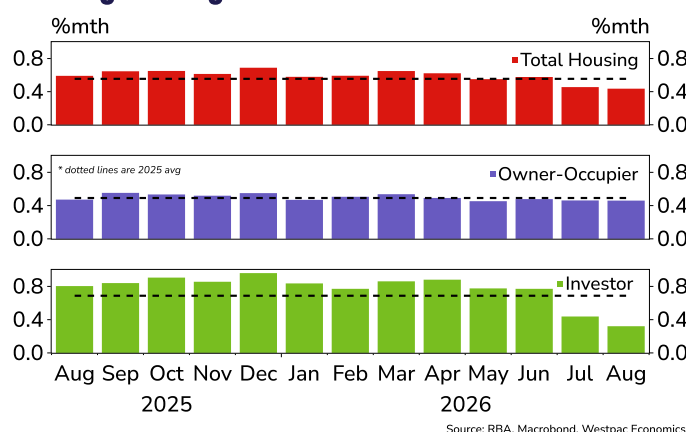
Despite some recent slowing, business credit remains a source of strength, with annual growth settling in the low double digits. Debt issuance in financial markets – another form of borrowing available to the largest corporates – has also been expanding rapidly, particularly domestically, reinforcing the message that businesses are not hesitating to borrow, particularly in the current environment, where businesses need to invest to keep up with AI-driven technological shift in the economy.

Going forward, we think the divergence between housing credit and business credit will persist, as the current housing market headwinds flow through more fully into the housing credit numbers.

Private sector credit growth



Housing credit growth





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