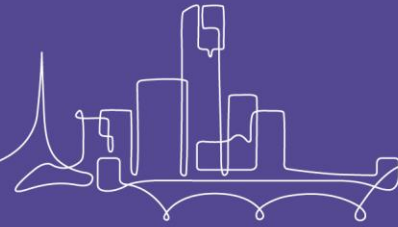




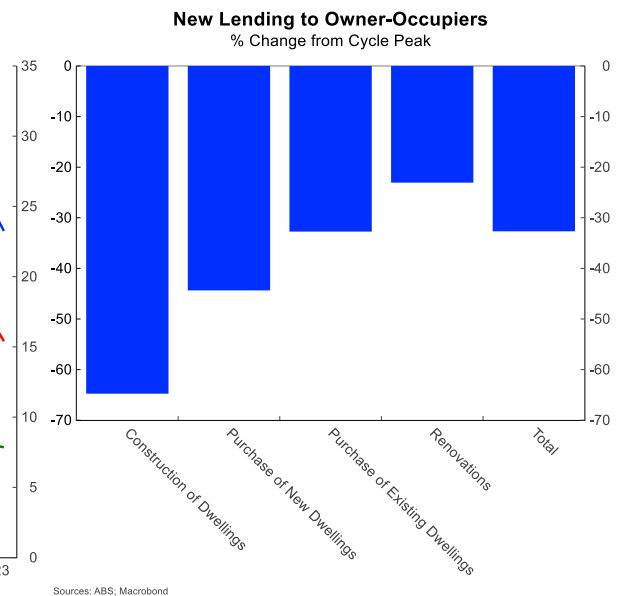
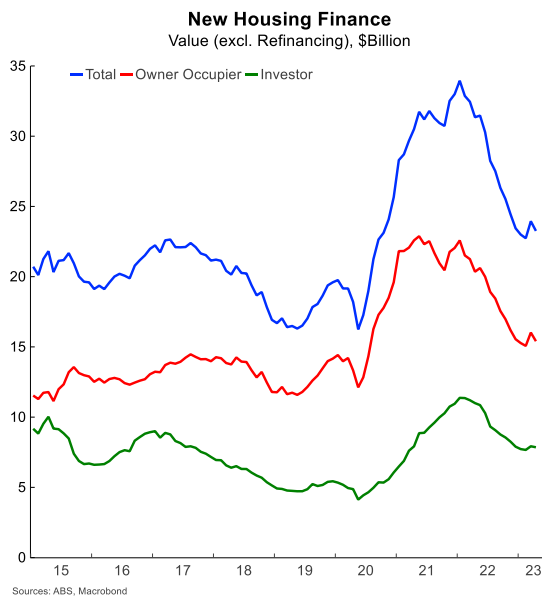
Friday, 2 June 2023



Housing Finance

Lending Soft Despite Dwelling Price Gains

- The value of new housing finance, excluding refinancing, declined 2.9% in April, marking some volatility following the significant fall in lending underway since early 2022. The value of financing activity is now 31.5% below its peak in January last year.
- It's important to note that monthly new housing lending commitments are still higher than at any point in time before the pandemic. This reflects both elevated prices and a recent stabilisation in housing demand underpinned by surging migration and tight rental markets.
- Weakness in April was concentrated in owner-occupier borrowing, particularly for the construction of new dwellings, which fell 7.7% in the month. Borrowing for new dwelling construction is around 65% below its peak and is back around pre-covid levels.
- Investor lending also declined. However, it didn't fully unwind a bounce in March and was 2.5% up on the February level. The peak-to-trough fall in investor lending is on par with owner-occupier borrowing, suggesting the downturn is persistent across both categories.
- A resurgence in dwelling prices has emerged in recent months, while we are yet to see a clear stabilisation in new housing lending. This may reflect an increase in demand from cashed up buyers with less need to borrow. However, it is more likely highlighting the importance of the lack of advertised supply in driving recent dwelling price developments.



Jameson Coombs, Economist
Ph: +61 401 102 789

Contact Listing

Chief Economist

Besa Deda
dedab@bankofmelbourne.com.au
+61 404 844 817

Senior Economist

Jarek Kowcza
jarek.kowcza@bankofmelbourne.com.au
+61 481 476 436

Senior Economist

Pat Bustamante
pat.bustamante@bankofmelbourne.com.au
+61 468 573 786

Economist

Jameson Coombs
jameson.coombs@bankofmelbourne.com.au
+61 401 102 789

The Detail

The information contained in this report (“the Information”) is provided for, and is only to be used by, persons in Australia. The information may not comply with the laws of another jurisdiction. The Information is general in nature and does not take into account the particular investment objectives or financial situation of any potential reader. It does not constitute, and should not be relied on as, financial or investment advice or recommendations (expressed or implied) and is not an invitation to take up securities or other financial products or services. No decision should be made on the basis of the Information without first seeking expert financial advice. For persons with whom Bank of Melbourne has a contract to supply Information, the supply of the Information is made under that contract and Bank of Melbourne’s agreed terms of supply apply. Bank of Melbourne does not represent or guarantee that the Information is accurate or free from errors or omissions and Bank of Melbourne disclaims any duty of care in relation to the Information and liability for any reliance on investment decisions made using the Information. The Information is subject to change. Terms, conditions and any fees apply to Bank of Melbourne products and details are available. Bank of Melbourne or its officers, agents or employees (including persons involved in preparation of the Information) may have financial interests in the markets discussed in the Information. Bank of Melbourne owns copyright in the information unless otherwise indicated. The Information should not be reproduced, distributed, linked or transmitted without the written consent of Bank of Melbourne.

Any unauthorised use or dissemination is prohibited. Neither Bank of Melbourne- A Division of Westpac Banking Corporation ABN 33 007 457 141 AFSL 233714 ACL 233714, nor any of Westpac’s subsidiaries or affiliates shall be liable for the message if altered, changed or falsified.