

KEY POINTS

Owner occupied housing commitments

- The value of owner occupied housing commitments rose by 1.0% in June (seasonally adjusted), while the number of owner occupied housing commitments expanded by 1.1%.
- Both the value and the number of owner occupied housing commitments have risen for nine consecutive months.
- Reflecting the recent improvement, the value of owner occupied housing commitments is 39.4% higher than at the same time last year, representing the strongest rate of annual growth since January 2002.
- The number of owner occupied dwelling finance approvals is 29.2% higher than at that the same time last year, the strongest rate of annual growth since June 2001.
- The seasonally adjusted number of owner occupied housing commitments increased in all states, excluding New South Wales where they were 0.1% lower.
- Commitments increased in Victoria (+1.5%); Queensland (+1.6%); South Australia (+0.6%); Western Australia (+3.5%); and Tasmania (+17.9%).

First home buyer commitments

- While the number of first home buyer commitments for owner occupied housing finance fell by 3.4% in June (in original terms), they are 109% higher than at the same time last year.
- The number of first home buyer commitments as a percentage of total owner occupied housing finance commitments fell from a record high of 28.5% in May 2009 to 27.1%.

Investment housing finance commitments

- The total value of dwelling finance commitments for investment housing fell by 1.8% in June, although the investor segment is 7.5% above levels of the same time last year.

Policy implications

- Housing finance continues to increase strongly in response to low interest rates and the boost to the First Home Owner Scheme, providing further signs of an improvement in housing demand.
- There are some tentative signs, however, that demand from first homebuyers may have peaked, with first home buyer commitments for owner occupied housing finance falling in two of the past three months.

June Housing Finance

ECONOMIC ALERT

10 August 2009

Chart: Annual growth in owner occupied housing commitments (value and number)

