



Property Residential Home loans

## New home loans surge to 3½-year high

**Michael Bleby** *Senior reporter*



Nov 2, 2020 - 1.10pm



Consumers took out new home loans at the fastest rate in 3½ years in September, as record low borrowing costs, greater control of COVID-19 and the start of the spring housing market drove activity.

New home loan commitments – excluding refinancing of existing mortgages – rose 5.9 per cent from August to \$22.5 billion, marking the fourth straight month of increase and the highest monthly total since March 2017, when the figure was \$22.6 billion, ABS figures on Monday showed.





WA led the country for new owner-occupier loan commitments in September. **Erin Jonasson**

Owner-occupier demand was again the strongest component of new lending, rising 6 per cent to \$17.3 billion. First home buyer lending rose 5.6 per cent, more than the 5.2 per cent gain in investor lending and topping the value of new investor loan commitments for a second month, at \$5.3 billion.

The increase in appetite for new borrowing reflects the strong spring housing market. [Last week auction clearance rates hit seven-month highs](#), despite expectations that rising unemployment and sharp pullback in inbound foreign migration will next year hit the economy and housing market.

"Existing home demand continues to grow with no signs yet of momentum abating despite the clear headwinds facing the economy," BIS Oxford Economics economist Maree Kilroy said.

"The pandemic has acted to pull forward upgrader and downsizer decisions for some households, with record low interest rates helping to draw out demand.

"For new dwellings, the [federal government's] HomeBuilder program along with state level incentives are providing a considerable boost, which should continue in the December quarter."

September's rates of increase were smaller than those of August and July across all categories, but the momentum buoying the housing market was apparent in separate figures published by CoreLogic on Monday showing the [first national increase in home values in five months](#) in October.

## Melbourne lockdown drags

The pandemic is still playing a role in housing markets. Melbourne was the only capital city to record a decline in prices in October and Victoria was the only mainland state to chalk up a decline in new owner-occupier loan commitments

mainland state to crank up a decline in new owner-occupier loan commitments after two months of growth. They fell 8.8 per cent.

In WA, where incentives to buy new homes are the greatest, new loan commitments for owner-occupiers jumped 24.7 per cent from August to \$1.8 billion, the state's biggest total since June 2014.

New lending to [Queensland](#) owner-occupiers rose 15.6 per cent to a record \$3.5 billion. New lending in NSW rose 8.4 per cent to total \$5.7 billion in lending commitments to owner-occupiers.

September's stronger lending figures also coincided with an increase in new dwelling approvals, separate ABS figures on Monday showed.

Total new housing approvals jumped 15.4 per cent to 15,827 in seasonally adjusted terms.

Approvals of detached homes rose 11 per cent from August to 10,466, making the highest monthly total since April 2018, while the total for new apartments, townhouses and semi-detached dwellings jumped 25 per cent to 5361.

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Monthly figures – especially for apartments – are volatile as they can be influenced by the date of approval of individual projects. On a more stable 12-monthly basis, the total number of new so-called attached dwellings slipped to 66,671 from 67,284.

The equivalent trend shows approvals of new houses have been mostly increasing since February.

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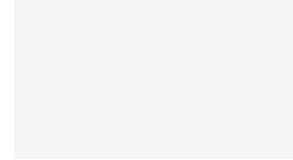
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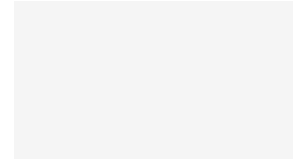
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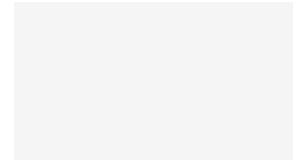
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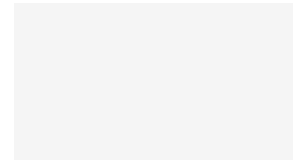
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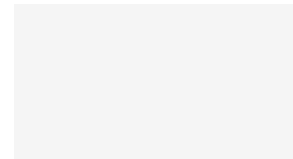
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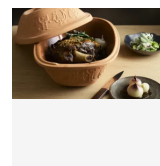
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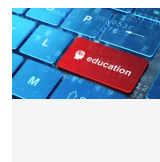
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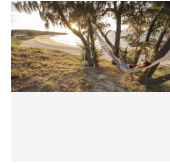
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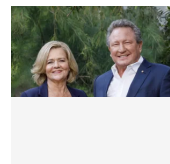
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