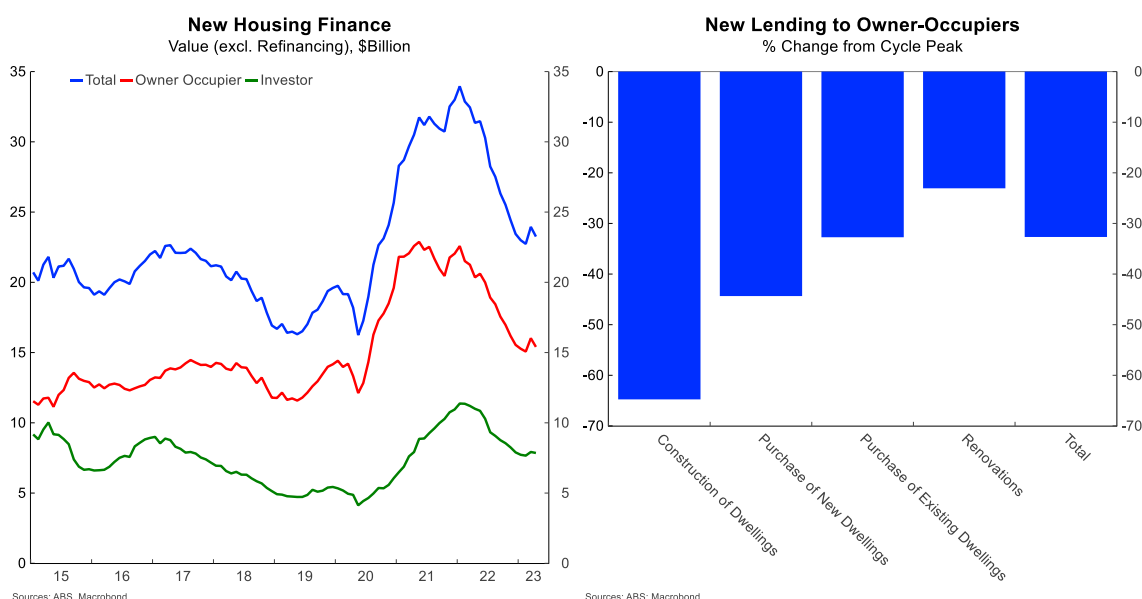


Friday, 2 June 2023

## 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.



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