

Economic Analysis

Value of New Loans

The value of new home loans (excluding refinancing) picked up by 3.1% in March, somewhat more than the 1.0% pencilled in by the market consensus.

This followed an upwardly revised 1.9% increase in February (originally 1.5%).

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Owner Occupier	2.8	11.4
Investor	3.8	31.1
Total	3.1	17.9

The March increase was broad-based. Owner-occupier loans rose by 2.8%, led by loans to first home buyers (+4.4%). Investor loans picked up by 3.8%.

The annual rate of new home loan growth accelerated to 17.9%, the fastest increase since January 2022.

Number of New Loans to Owner Occupiers

The number of new home loans for established houses, which is by far the largest category, rose 2.9%, while construction loans picked up 3.1% but remained close to historical lows.

Loans for newly built homes declined by 4.4% in March.

Seasonally Adjusted Ex Refinancing, %	MoM	YoY
Construction	3.1	1.6
Newly Built	-4.4	1.7
Established Houses	2.9	7.9

Average Loan Size

The average new loan size for owner-occupiers (unadjusted) rose 1.6% to A\$608k, with increases in all states except Victoria. In Western Australia, the average loan size was A\$522k, 3.1% more than in February.

External refinancing continued to trend downwards, to be 29.3% off its peak.

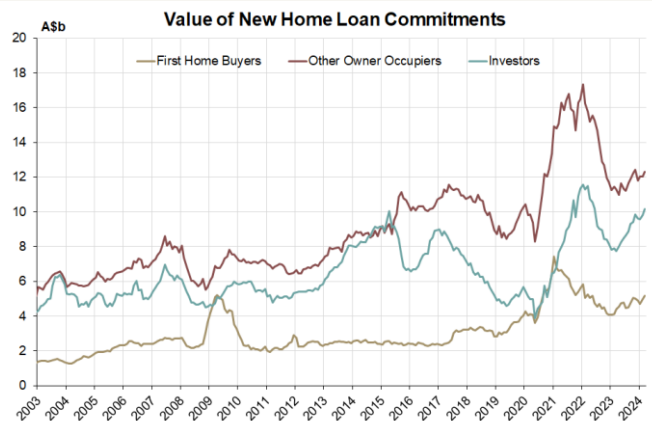
States

The value of new home loans to owner-occupiers rose in all states, with Western Australia seeing the largest increase of all mainland states, both in monthly and annual terms.

Victoria saw the smallest monthly gain in new home loans in March, while South Australia recorded the smallest annual gain.

New Home Loans Value, %	MoM	YoY
Western Australia	6.3	17.5
New South Wales	2.4	10.8
Victoria	2.0	11.6
Queensland	5.6	15.3
South Australia	2.8	5.7
Tasmania	17.8	12.6

Housing Finance March 2024



Comment

The value of new home loans rose further in March, supported by higher home prices and ongoing strong demand for housing.

The March gain was stronger than the previous month and exceeded market expectations. What is more, it was quite broad-based, with the strongest increases to first home buyer owner-occupiers and investors.

Looking through the monthly movements, however, loans to first home buyers have been underperforming since the RBA began their tightening cycle in May 2022, while investor loans are just 12.0% off the record highs of January 2022.

Despite the slight pick-up in March, construction loans remain depressed, at just 9.7% above their record lows from mid-2023. The weakness in construction loans implies the further underperformance of [dwelling approvals](#) and persisting undersupply in the housing market, which will continue to support home prices.

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