

## First-home buyer numbers surge

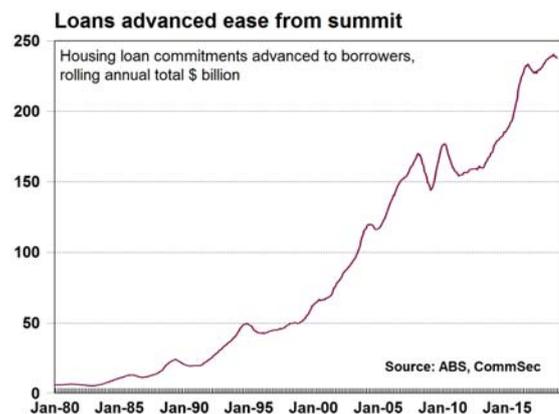
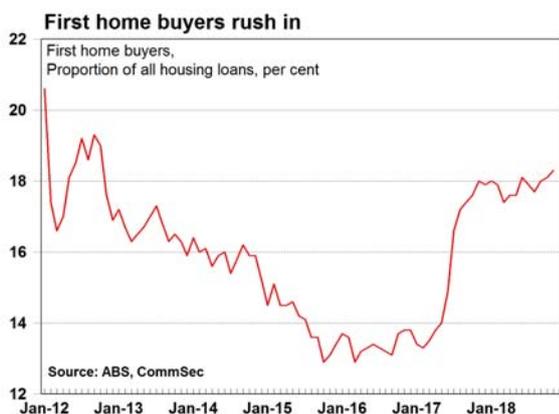
### Housing finance

- **Number of home loans:** The number of loans (commitments) by home owners (owner-occupiers) fell by 0.9 per cent in November after rising by 2.1 per cent in October (the largest gain in 12 months).
- **First home buyers active:** The proportion of first-time buyers in the home loan market rose from 18.1 per cent in October to a 6-year high of 18.3 per cent in November (decade-average 17.7 per cent).

*The home lending figures have implications for builders, housing-reliant businesses, finance providers, retailers, and companies dependent on consumer and business spending.*

### What does it all mean?

- In November, almost 10,500 first-home buyers took out a home loan, just off the highest number in almost nine years. And as a proportion of all buyers, the share of first-home buyers is at 6-year highs. Clearly these buyers are celebrating the greater choice of properties on the market, more attractive prices and super-low interest rates.
- Over the year to November, almost \$238 billion in loans were taken up by owner-occupiers to buy property, just below the all-time high of \$240 billion in the year to August. While investors have retreated from the market on the belief that price gains will be harder to achieve, budding home owners are still out in force.
- The number of owner-occupier home loan borrowers in Tasmania stands at 6½-year highs in trend terms with ACT borrowers at record highs, South Australian borrowers are at 18-month highs and Western Australian borrowers at 10-month highs. Too much focus is placed on NSW and Victoria when housing markets in many other parts of the country are doing well.
- It is important that investors don't get duped by 'lazy analyses. That is, analysis that assumes trends in aggregate national figures apply across all market sectors and regional economies. As data released yesterday shows, the number of homes being built at present is just off all-time highs. And there are still healthy numbers of budding home owners in the market, especially amongst first-home seekers.

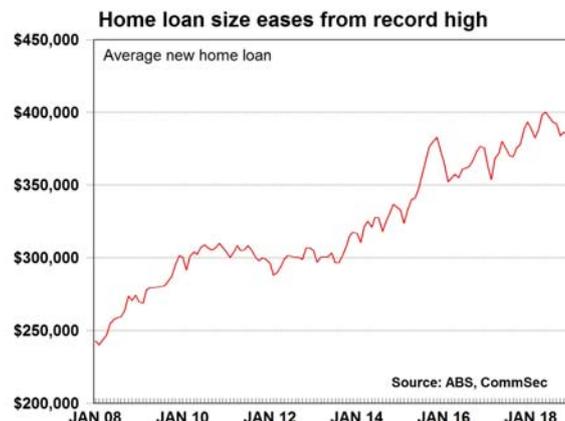


**Craig James, Chief Economist**  
Twitter: @CommSec

## What do the figures show?

### Housing finance – November, number

- The number of loans (commitments) by home owners (owner-occupiers) fell by 0.9 per cent in November after rising by 2.1 per cent in October (the largest gain in 12 months). But loans are down by 7.9 per cent on the year.
- Excluding refinancing, new loans fell by 0.5 per cent after rising 2.3 per cent in October.
- Loans by owner-occupiers for the construction of homes fell by 2 per cent after lifting 3.3 per cent in October.
- Loans to buy newly-erected dwellings rose by 3.4 per cent – first gain in six months.
- Loans for the purchase of established dwellings (excluding refinancing) fell by 0.6 per cent after rising 2.3 per cent in October.
- The number of refinancing transactions fell by 1.1 per cent.
- Changes in home loans across the country: NSW (down 1.5 per cent); Victoria (up 0.7 per cent); Queensland (down 0.7 per cent); South Australia (down 0.8 per cent); Western Australia (up 2.4 per cent); Tasmania (down 9.2 per cent); Northern Territory (up 22.4 per cent); ACT (down 0.6 per cent)



### Housing finance – November, value

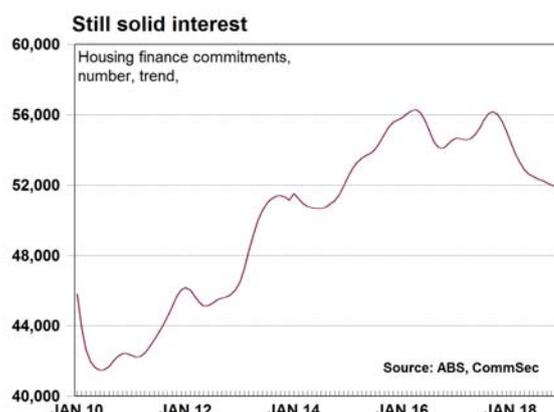
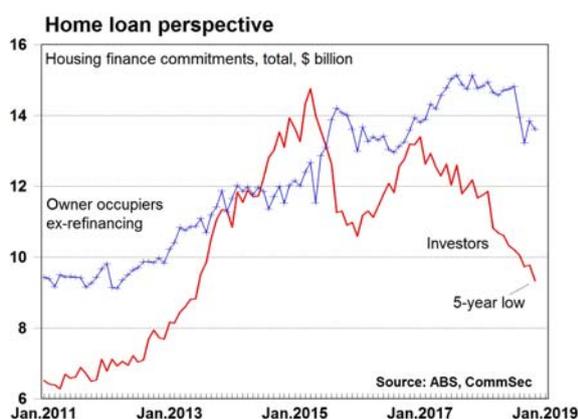
- The value of new housing commitments (owner occupier and investment) fell by 2.5 per cent.
- Owner-occupier loans fell by 1.5 per cent while investment loans fell by 4.5 per cent. Over the year to November investor loans are down by 23.4 per cent and owner-occupier loans have fallen 7.3 per cent.
- The value of loans by owner-occupiers and investors to build new homes fell 7.2 per cent in November to \$2.6 billion after rising 5.8 per cent in October.

### Housing finance – November, other statistics

- The value of cancelled loans totalled \$1.41 billion up from \$1.33 billion a year earlier.
- Commitments actually advanced (loans made) totalled \$20.66 billion, down from \$21.55 billion a year earlier.
- The proportion of first-time buyers in the home loan market rose from 18.1 per cent in October to 6-year highs of 18.3 per cent (decade-average 17.7 per cent).
- The proportion of fixed rate loans rose from 16.3 per cent to a 14-month high of 16.9 per cent.
- And the average home loan across Australia was \$384,700, down 1.1 per cent on the year.

## What is the importance of the economic data?

- Housing Finance data is produced monthly by the Bureau of Statistics and shows commitments by lenders, such as banks, to provide finance for housing purposes. The lending figures relate to those looking to buy or build homes to live in as well as those seeking to buy or build homes for investment purposes. Generally people get their finance organised first, so the figures are regarded as a leading indicator on the housing market.



**What are the implications for interest rates and investors?**

- Builders and real estate agents will face differing prospects depending on their location. At present five of the eight states and territories are showing monthly gains in home loans in trend terms. NSW, Victoria and Queensland are in the downturn phase of the cycle.
- Almost 17 per cent of borrowers opted for fixed-term loans in November, a 14-month high. Borrowers that took out 3-year fixed loans in 2015 and 2016 are seeing a major improvement in their budgetary situation when rolling over loans.
- CommSec expects no change in official interest rates until late in 2019 at the earliest.

Craig James, Chief Economist, CommSec  
 Twitter: @CommSec

