

MEDIA RELEASE

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UPTICK IN LENDING NEEDS TO BE MATCHED WITH SUPPLY

A jump in the value of new loan commitments suggests access to credit is beginning to improve but it needs to be matched with supply increases, according to the Urban Development Institute of Australia (UDIA).

New data released today by the Australian Bureau of Statistics shows a 4.4 percent increase in the value of new loan commitments for housing in December last year.

Notably, the number of loan commitments to owner-occupier first home buyers recorded a 6.2 percent increase.

“We are starting to see evidence of a sustained increase in new loan commitments – which is a positive sign for homebuyers seeking access to credit,” said UDIA National Executive Connie Kirk.

“The combination of more sensible lending standards and lower interest rates has given homebuyers a better opportunity to crack the market.

“The challenge now is to ensure we have a balanced housing market in which the approvals and construction pipeline meets the build-up in buyer demand.

“There are hints of a lift in housing approvals data but construction pipelines are currently thin and the risk is we see a mismatch between supply and demand re-emerge.

“Housing construction has the dual benefit of giving the broader economy a positive boost given it adds jobs, wages, and activity up and down supply chains.

“We also need to see the Commonwealth and states work in partnership to accelerate land release – both via smart land use off the back of infrastructure investment and fixing inefficient planning systems.”

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