



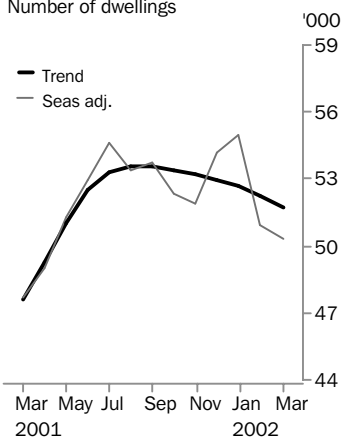
# HOUSING FINANCE FOR OWNER OCCUPATION

AUSTRALIA

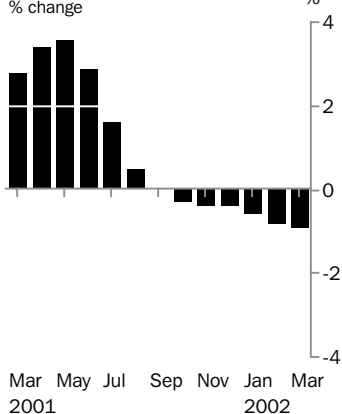
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## Housing finance

Number of dwellings



## Number of dwellings

Trend estimates  
% change

## MARCH KEY FIGURES

### TREND ESTIMATES

	Mar 2002	% change Feb 2002 to Mar 2002	% change Mar 2001 to Mar 2002
Number of dwellings financed	51 752	-0.9	8.7
Construction of dwellings	6 422	-4.0	45.0
Purchase of new dwellings	1 491	-4.4	-5.6
Purchase of established dwellings	43 839	-0.4	5.4

### SEASONALLY ADJUSTED

	Mar 2002	% change Feb 2002 to Mar 2002	% change Mar 2001 to Mar 2002
Number of dwellings financed	50 347	-1.2	5.5
Construction of dwellings	5 796	1.4	33.5
Purchase of new dwellings	1 460	-1.0	-5.8
Purchase of established dwellings	43 091	-1.6	3.0

## MARCH KEY POINTS

### TREND ESTIMATES

- The housing finance trend series fell by 0.9% in March 2002, confirming the trend series decline from August 2001.
- The construction finance trend series fell by 4.0% in March 2002, with its decline now rapidly accelerating from December 2001. Similarly, the trend for newly erected dwelling finance fell by 4.4%.

### SEASONALLY ADJUSTED ESTIMATES

- The seasonally adjusted total housing finance series declined by 1.2% in March 2002, after a fall of 7.3% in February.
- Established dwelling finance declined by 1.6% (690 commitments) in March 2002, with a fall in refinancing (down 399 commitments) contributing significantly to the fall.

### ORIGINAL ESTIMATES

- The percentage of first home buyer commitments remained at an historically low 20.1% of all commitments in March 2002.
- The average borrowing size increased to a series high of \$155 800 in March 2002, up from \$153 000 in February.

- For further information about these and related statistics, contact Stuart Veitch on Sydney 02 9268 4317, or the National Information and Referral Service on 1300 135 070.

# NOTES

## FORTHCOMING ISSUES

ISSUE	RELEASE DATE
April 2002	11 June 2002
May 2002	12 July 2002
June 2002	7 August 2002
July 2002	9 September 2002
August 2002	11 October 2002
September 2002	8 November 2002

## CHANGES IN THIS ISSUE

Page 20 of this issue includes a feature article discussing trends in construction finance and first home buyer commitments over the past three years. The article includes comparisons between States, and highlights points at which changes in government policy coincided with noticeable effects in the construction finance and first home buyers trend series. The series used in the article can be found on the ABS website at <[www.abs.gov.au](http://www.abs.gov.au)>

For further information, contact Stuart Veitch on Sydney 02 9268 4317.

## SENSITIVITY ANALYSIS

Readers should exercise care when interpreting this month's trend estimates because they will be revised when next month's seasonally adjusted estimates become available.

For further information, see Explanatory Notes 20 to 21.

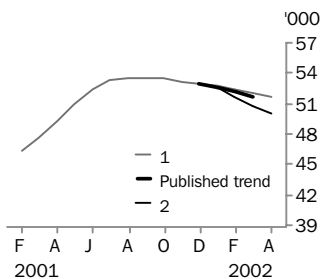
The graph below presents the effect of two possible scenarios on the previous trend estimates:

**1** The April 2002 seasonally adjusted estimate of number of dwellings financed is *higher* than the March 2002 seasonally adjusted estimate by 4.0%.

**2** The April 2002 seasonally adjusted estimate of number of dwellings financed is *lower* than the March 2002 seasonally adjusted estimate by 4.0%.

The percentage change of 4.0% was chosen because the average absolute percentage change of the seasonally adjusted series, based on the last 10 years of data, has been 4.0%.

## NUMBER OF DWELLINGS FINANCED



	TREND AS PUBLISHED		WHAT IF NEXT MONTH'S SEASONALLY ADJUSTED ESTIMATE:			
			<b>1</b> <i>rises by 4% on Mar 2002</i>		<b>2</b> <i>falls by 4% on Mar 2002</i>	
	estimate	% change	estimate	% change	estimate	% change
October 2001	53 420	-0.3	53 429	-0.3	53 507	-0.1
November 2001	53 206	-0.4	53 200	-0.4	53 337	-0.3
December 2001	52 975	-0.4	52 965	-0.4	53 033	-0.6
January 2002	52 660	-0.6	52 697	-0.5	52 517	-1.0
February 2002	52 243	-0.8	52 348	-0.7	51 751	-1.5
March 2002	51 752	-0.9	51 965	-0.7	50 841	-1.8
April 2002	—	—	51 676	-0.6	49 980	-1.7

Dennis Trewin  
Australian Statistician

# HOUSING FINANCE: Summary of findings

## NUMBER OF DWELLINGS FINANCED

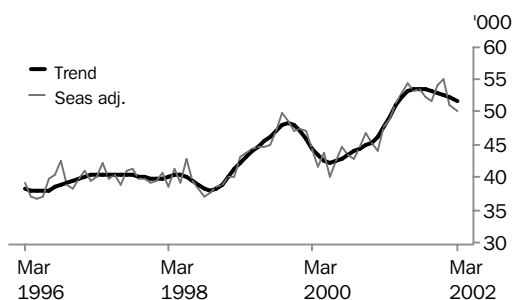
### DWELLINGS FINANCED

The seasonally adjusted housing finance series declined by 1.2% in March 2002, after a 7.3% fall in February. As a result, the trend series decline from August 2001 has become more marked, with a fall of 0.9% in March 2002.

The national decline in seasonally adjusted terms was primarily due to a fall of 242 commitments (2.1%) in Victoria, with Western Australia (down 57, or 0.9%) and Northern Territory (down 79, or 20.2%) also declining. All other States' seasonally adjusted series increased, with NSW dominating (up 608, or 3.5%). The trend series declined for all States except Tasmania and the ACT, which saw only marginal increases. Victoria (down 1.7%), Queensland (down 1.1%) and Northern Territory (down 2.3%) fell most sharply from their highs of mid-2001.

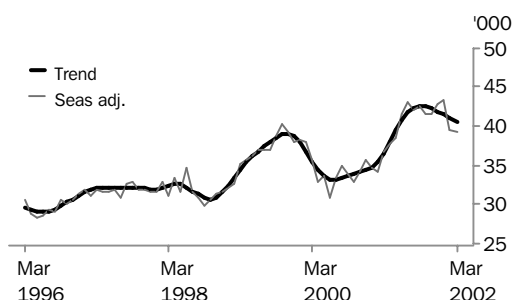
More detailed discussion of State trends in construction finance and first home buyer finance over the past three years can be found in the feature article at the back of this publication.

In the original series, the percentage of first home buyer commitments held steady at an historically low 20.1% in March 2002, while the percentage of commitments where the interest rate is fixed for two years or more continued to increase, reaching 8.7% in March 2002. The average borrowing size increased strongly to \$155 800 in March 2002, from \$153 000 last month.



### DWELLINGS FINANCED EXCLUDING REFINANCING

The seasonally adjusted series declined by 0.6% in March 2002, while the trend series fell by 1.4%.



### VALUE OF COMMITMENTS

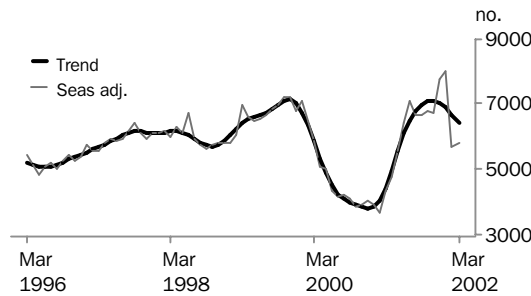
The seasonally adjusted series for the value of commitments declined by 0.7% in March 2002, with the trend series falling 0.7%. The trend for the value of commitments was in decline for the first time since July 2000, from a series high in December 2001.

# HOUSING FINANCE: Summary of findings

## PURPOSE OF FINANCE

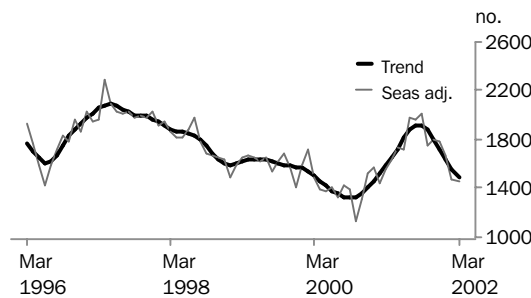
### CONSTRUCTION OF DWELLINGS

Construction finance (seasonally adjusted) increased by 1.4% in March 2002, to remain at a relatively low level after its largest ever percentage decline (28.7%) in February. As a result the trend series decline rapidly accelerated from its November 2001 high, falling by 4.0% in March 2002. For more detailed discussion of the construction finance trend series over the past three years, see the feature article on page 20 of this publication.



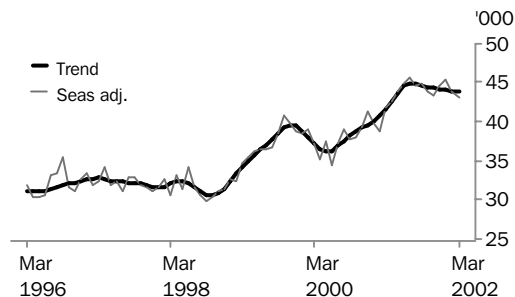
### PURCHASE OF NEW DWELLINGS

The seasonally adjusted series for newly erected dwelling finance declined by 1.0% in March 2002, its fourth successive monthly fall. The trend series decline continued to accelerate from its August 2001 high, with a 4.4% fall in March 2002.



### PURCHASE OF ESTABLISHED DWELLINGS

The seasonally adjusted established dwelling finance series fell 1.6% (690 commitments) in March 2002. As a result, the trend series showed eight months of small declines, with the fall 0.4% in March 2002. However, the direction of the trend in recent months remains uncertain, with moderate growth in the seasonally adjusted series in subsequent months likely to reverse the easing. Refinancing (down 399 commitments) contributed much to the seasonally adjusted decline in established dwelling finance.

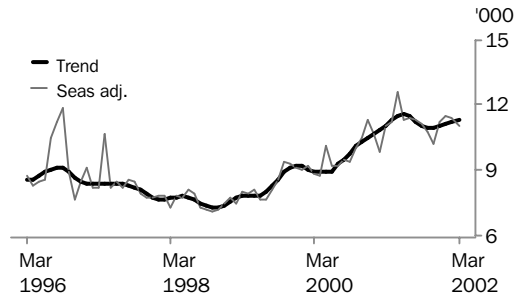


# HOUSING FINANCE: Summary of findings

## PURPOSE OF FINANCE *continued*

### REFINANCING

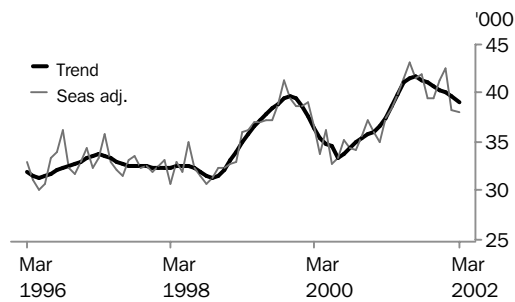
The seasonally adjusted series for refinancing commitments fell by 3.5% in March 2002, slowing trend growth to just 0.7% in March.



## TYPE OF LENDER

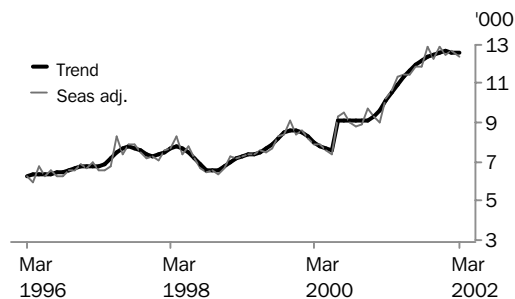
### BANKS

The seasonally adjusted series for banks declined by 0.7% in March 2002, after a 10.0% fall in February 2002. The trend series decline accelerated, with a fall of 1.2% in March 2002.



### NON-BANKS

Non-bank commitments declined by 2.9% in March 2002 (in seasonally adjusted terms), with the adjusted series rising and falling in alternate months from July 2001. The trend series for non-banks has fallen from January 2002, the first decline since October 2000. The fall in March 2002 was 0.3%.





## HOUSING FINANCE COMMITMENTS(a), By Purpose

Month	CONSTRUCTION OF DWELLINGS		PURCHASE OF NEWLY ERECTED DWELLINGS.....		REFINANCING OF ESTABLISHED DWELLINGS.....		TOTAL PURCHASE OF ESTABLISHED DWELLINGS(b)...		TOTAL.....	
	no.	\$m	no.	\$m	no.	\$m	no.	\$m	no.	\$m
ORIGINAL										
<b>2001</b>										
January	3 232	457	1 375	224	9 079	1 051	34 806	4 621	39 413	5 302
February	3 657	516	1 361	206	9 567	1 142	37 410	4 944	42 428	5 666
March	4 583	677	1 666	268	11 936	1 462	44 876	6 189	51 125	7 135
April	4 371	637	1 484	235	10 440	1 336	39 890	5 656	45 745	6 528
May	6 417	906	1 930	303	13 681	1 728	49 914	7 086	58 261	8 296
June	6 544	924	1 775	315	12 049	1 547	44 774	6 461	53 093	7 700
July	7 006	1 017	2 020	335	11 635	1 479	45 547	6 628	54 573	7 979
August	7 236	1 040	2 033	340	12 227	1 525	46 881	6 828	56 150	8 208
September	6 190	910	1 842	311	9 897	1 257	40 842	6 081	48 874	7 302
October	7 228	1 044	1 936	338	11 255	1 450	46 024	6 964	55 188	8 346
November	7 167	1 040	1 873	329	11 199	1 472	46 727	7 155	55 767	8 524
December	6 785	1 008	1 689	294	10 187	1 361	41 049	6 309	49 523	7 611
<b>2002</b>										
January	6 657	985	1 429	246	9 651	1 275	39 342	6 090	47 428	7 322
February	5 679	855	1 394	242	11 109	1 477	42 057	6 417	49 130	7 515
March	5 789	873	1 504	261	11 440	1 549	43 753	6 821	51 046	7 955
SEASONALLY ADJUSTED										
<b>2001</b>										
January	3 904	544	1 573	263	10 678	1 254	39 783	5 283	45 260	6 089
February	3 678	533	1 439	219	9 830	1 163	38 892	5 175	44 009	5 926
March	4 341	627	1 550	251	11 041	1 352	41 830	5 704	47 721	6 582
April	4 782	704	1 644	262	11 260	1 429	42 597	6 013	49 023	6 980
May	5 551	800	1 735	276	12 636	1 607	43 993	6 251	51 279	7 327
June	6 406	919	1 714	292	11 295	1 410	44 838	6 431	52 958	7 642
July	7 092	990	1 975	325	11 423	1 451	45 536	6 638	54 603	7 954
August	6 685	980	1 959	324	11 354	1 425	44 726	6 536	53 370	7 840
September	6 681	977	2 006	334	11 121	1 422	45 012	6 769	53 699	8 080
October	6 789	972	1 759	330	10 785	1 394	43 817	6 759	52 365	8 061
November	6 712	989	1 799	306	10 262	1 374	43 363	6 627	51 874	7 923
December	7 804	1 130	1 791	316	11 276	1 507	44 569	6 690	54 164	8 136
<b>2002</b>										
January	8 019	1 168	1 662	292	11 506	1 551	45 314	7 011	54 995	8 471
February	5 716	885	1 475	257	11 414	1 505	43 781	6 724	50 972	7 867
March	5 796	856	1 460	252	11 015	1 470	43 091	6 706	50 347	7 814
TREND ESTIMATES										
<b>2001</b>										
January	3 850	543	1 464	227	10 685	1 259	40 072	5 261	45 386	6 032
February	4 043	579	1 521	239	10 871	1 306	40 726	5 466	46 290	6 285
March	4 430	639	1 580	252	11 092	1 360	41 594	5 703	47 604	6 594
April	4 974	718	1 648	265	11 332	1 411	42 613	5 949	49 235	6 932
May	5 588	805	1 726	280	11 548	1 452	43 675	6 192	50 989	7 278
June	6 135	882	1 812	297	11 632	1 468	44 527	6 407	52 474	7 587
July	6 518	937	1 882	313	11 524	1 458	44 931	6 559	53 331	7 809
August	6 778	975	1 921	324	11 272	1 434	44 902	6 645	53 601	7 945
September	6 968	1 006	1 919	329	11 030	1 417	44 689	6 694	53 576	8 028
October	7 079	1 027	1 877	326	10 920	1 421	44 464	6 725	53 420	8 078
November	7 108	1 037	1 804	316	10 947	1 442	44 294	6 746	53 206	8 099
December	7 059	1 035	1 718	302	11 034	1 466	44 198	6 764	52 975	8 101
<b>2002</b>										
January	6 913	1 020	1 635	287	11 133	1 487	44 112	6 777	52 660	8 084
February	6 690	992	1 559	273	11 223	1 503	43 994	6 785	52 243	8 050
March	6 422	959	1 491	260	11 301	1 514	43 839	6 775	51 752	7 994

(a) Excludes alterations and additions.

(b) Includes refinancing.

## HOUSING FINANCE COMMITMENTS, By Type of Lender

Month	ALL BANKS.....		PERMANENT BUILDING SOCIETIES.....		WHOLESALE LENDERS N.E.C.....		TOTAL OTHER LENDERS(a).....		TOTAL.....	
	no.	\$m	no.	\$m	no.	\$m	no.	\$m	no.	\$m
ORIGINAL										
<b>2001</b>										
January	31 484	4 298	1 435	169	4 657	647	6 494	835	39 413	5 302
February	33 734	4 554	1 847	221	4 842	681	6 847	891	42 428	5 666
March	40 034	5 661	2 220	262	6 403	946	8 871	1 211	51 125	7 135
April	35 909	5 159	1 996	250	5 779	896	7 840	1 119	45 745	6 528
May	45 933	6 596	2 666	341	7 320	1 104	9 662	1 359	58 261	8 296
June	41 642	6 074	2 519	328	6 460	1 008	8 932	1 298	53 093	7 700
July	42 723	6 295	2 340	299	6 906	1 064	9 510	1 385	54 573	7 979
August	43 313	6 404	2 528	328	7 630	1 169	10 309	1 476	56 150	8 208
September	37 455	5 687	2 250	275	6 614	1 040	9 169	1 340	48 874	7 302
October	41 980	6 444	2 216	296	7 877	1 246	10 992	1 606	55 188	8 346
November	42 570	6 608	2 338	319	7 609	1 207	10 859	1 597	55 767	8 524
December	37 941	5 949	2 027	270	6 431	1 021	9 555	1 391	49 523	7 611
<b>2002</b>										
January	36 719	5 783	1 709	220	6 224	972	9 000	1 319	47 428	7 322
February	36 832	5 713	2 189	287	7 094	1 135	10 109	1 515	49 130	7 515
March	38 511	6 105	2 111	275	7 393	1 183	10 424	1 575	51 046	7 955
SEASONALLY ADJUSTED										
<b>2001</b>										
January	35 936	4 872	1 801	211	n.y.a.	n.y.a.	7 523	1 006	45 260	6 089
February	35 038	4 767	1 836	225	n.y.a.	n.y.a.	7 135	934	44 009	5 926
March	37 522	5 234	1 959	230	n.y.a.	n.y.a.	8 240	1 118	47 721	6 582
April	38 368	5 518	2 233	279	n.y.a.	n.y.a.	8 422	1 183	49 023	6 980
May	39 939	5 771	2 401	307	n.y.a.	n.y.a.	8 938	1 249	51 279	7 327
June	41 477	6 044	2 494	317	n.y.a.	n.y.a.	8 988	1 281	52 958	7 642
July	43 087	6 304	2 432	316	n.y.a.	n.y.a.	9 085	1 334	54 603	7 954
August	41 489	6 182	2 324	306	n.y.a.	n.y.a.	9 557	1 352	53 370	7 840
September	41 856	6 396	2 263	283	n.y.a.	n.y.a.	9 580	1 401	53 699	8 080
October	39 463	6 189	2 170	289	n.y.a.	n.y.a.	10 732	1 583	52 365	8 061
November	39 547	6 150	2 116	285	n.y.a.	n.y.a.	10 211	1 487	51 874	7 923
December	41 249	6 257	2 450	316	n.y.a.	n.y.a.	10 465	1 563	54 164	8 136
<b>2002</b>										
January	42 495	6 615	2 040	263	n.y.a.	n.y.a.	10 460	1 593	54 995	8 471
February	38 246	5 980	2 174	293	n.y.a.	n.y.a.	10 551	1 593	50 972	7 867
March	37 984	6 009	2 011	269	n.y.a.	n.y.a.	10 351	1 536	50 347	7 814
TREND ESTIMATES										
<b>2001</b>										
January	36 038	4 815	1 802	212	n.y.a.	n.y.a.	7 546	1 006	45 386	6 032
February	36 608	5 009	1 918	229	n.y.a.	n.y.a.	7 764	1 046	46 290	6 285
March	37 495	5 243	2 057	251	n.y.a.	n.y.a.	8 052	1 100	47 604	6 594
April	38 680	5 501	2 203	274	n.y.a.	n.y.a.	8 352	1 157	49 235	6 932
May	39 999	5 766	2 325	294	n.y.a.	n.y.a.	8 665	1 218	50 989	7 278
June	41 097	6 002	2 391	306	n.y.a.	n.y.a.	8 986	1 279	52 474	7 587
July	41 632	6 164	2 398	309	n.y.a.	n.y.a.	9 301	1 336	53 331	7 809
August	41 652	6 251	2 358	306	n.y.a.	n.y.a.	9 592	1 388	53 601	7 945
September	41 397	6 290	2 302	300	n.y.a.	n.y.a.	9 877	1 439	53 576	8 028
October	41 034	6 296	2 250	294	n.y.a.	n.y.a.	10 136	1 488	53 420	8 078
November	40 668	6 282	2 215	290	n.y.a.	n.y.a.	10 323	1 527	53 206	8 099
December	40 352	6 260	2 189	288	n.y.a.	n.y.a.	10 434	1 554	52 975	8 101
<b>2002</b>										
January	40 010	6 228	2 161	285	n.y.a.	n.y.a.	10 489	1 571	52 660	8 084
February	39 604	6 187	2 129	282	n.y.a.	n.y.a.	10 510	1 581	52 243	8 050
March	39 146	6 132	2 097	279	n.y.a.	n.y.a.	10 509	1 583	51 752	7 994

(a) Includes Wholesale Lenders n.e.c.

## HOUSING FINANCE COMMITMENTS(a), Total Number of Dwellings—By State

Month	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
no.	no.	no.	no.	no.	no.	no.	no.	no.	no.
ORIGINAL									
<b>2001</b>									
January	13 174	9 104	6 589	3 511	5 207	899	294	635	39 413
February	14 457	9 349	7 449	3 565	5 730	875	302	701	42 428
March	17 972	11 278	9 118	4 119	6 413	1 131	348	746	51 125
April	16 269	10 197	7 958	3 645	5 695	957	293	731	45 745
May	20 574	13 146	10 291	4 522	7 269	1 132	416	911	58 261
June	18 301	12 149	9 570	4 321	6 677	963	383	729	53 093
July	18 770	12 705	10 122	4 290	6 629	875	376	806	54 573
August	19 109	13 286	10 417	4 324	6 760	1 097	365	792	56 150
September	16 490	11 424	9 508	3 849	5 629	911	356	707	48 874
October	18 322	13 419	10 508	4 334	6 328	1 070	397	810	55 188
November	18 704	12 821	10 602	4 695	6 621	1 181	393	750	55 767
December	16 019	11 544	9 297	4 423	6 120	1 080	373	667	49 523
<b>2002</b>									
January	14 569	11 763	9 186	3 887	6 046	1 036	356	585	47 428
February	16 090	11 111	9 536	4 008	6 209	1 078	398	700	49 130
March	17 654	11 006	9 871	4 246	6 076	1 091	328	774	51 046
SEASONALLY ADJUSTED(b)									
<b>2001</b>									
January	15 984	10 335	7 663	3 909	5 620	1 034	325	691	45 260
February	15 427	9 751	7 364	3 623	5 663	884	298	690	44 009
March	16 563	10 724	8 160	3 814	6 004	1 055	307	701	47 721
April	17 026	10 759	8 609	3 895	6 123	1 000	316	807	49 023
May	17 520	11 642	9 524	4 205	6 488	983	386	830	51 279
June	17 811	12 018	9 807	4 165	6 668	1 004	420	756	52 958
July	18 486	12 696	10 056	4 308	6 726	938	398	811	54 603
August	18 037	12 621	10 267	4 326	6 577	989	361	763	53 370
September	18 052	12 761	10 104	4 324	6 326	990	377	739	53 699
October	17 865	12 541	9 965	4 216	5 969	1 002	375	774	52 365
November	17 180	12 083	9 952	4 338	6 208	1 131	372	712	51 874
December	18 021	12 418	10 116	4 482	6 791	1 164	384	744	54 164
<b>2002</b>									
January	17 776	13 337	10 510	4 432	6 697	1 202	383	627	54 995
February	17 189	11 601	9 428	4 074	6 129	1 087	394	688	50 972
March	17 797	11 359	9 474	4 240	6 072	1 108	315	761	50 347
TREND ESTIMATES(b)									
<b>2001</b>									
January	15 966	10 335	7 600	3 815	5 652	1 047	311	732	45 386
February	16 264	10 416	7 850	3 820	5 791	1 026	314	738	46 290
March	16 605	10 633	8 237	3 870	5 996	1 003	326	749	47 604
April	16 996	11 005	8 723	3 957	6 222	986	345	764	49 235
May	17 435	11 504	9 242	4 068	6 423	978	365	779	50 989
June	17 829	12 010	9 692	4 175	6 540	974	380	789	52 474
July	18 063	12 375	9 986	4 255	6 548	974	388	790	53 331
August	18 103	12 575	10 129	4 305	6 488	984	387	778	53 601
September	18 013	12 658	10 171	4 331	6 420	1 011	382	760	53 576
October	17 872	12 641	10 150	4 344	6 378	1 052	379	740	53 420
November	17 737	12 548	10 096	4 345	6 372	1 092	377	723	53 206
December	17 651	12 418	10 024	4 335	6 384	1 122	377	710	52 975
<b>2002</b>									
January	17 606	12 257	9 930	4 313	6 381	1 140	373	702	52 660
February	17 584	12 069	9 816	4 283	6 352	1 146	368	699	52 243
March	17 569	11 865	9 707	4 252	6 315	1 147	359	701	51 752

(a) Excludes alterations and additions. Includes refinancing.

(b) Sum of States and Territories may not equal Australian estimate, see Explanatory Notes 19.



## HOUSING FINANCE COMMITMENTS(a), Total Value of Commitments—By State

Month	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m	\$m
ORIGINAL									
<b>2001</b>									
January	2 141	1 231	798	356	609	58	30	80	5 302
February	2 323	1 230	932	351	641	65	31	93	5 666
March	3 029	1 561	1 137	423	764	84	36	101	7 135
April	2 811	1 412	1 021	382	703	73	30	96	6 528
May	3 527	1 821	1 299	479	908	89	47	127	8 296
June	3 225	1 744	1 227	458	818	79	43	106	7 700
July	3 320	1 847	1 308	462	815	70	43	115	7 979
August	3 423	1 919	1 332	455	834	91	38	115	8 208
September	3 020	1 696	1 233	414	714	79	40	105	7 302
October	3 405	2 031	1 385	473	794	91	41	127	8 346
November	3 536	1 944	1 400	525	858	99	40	123	8 524
December	3 032	1 798	1 262	508	778	89	40	105	7 611
<b>2002</b>									
January	2 743	1 857	1 254	442	807	89	39	90	7 322
February	2 950	1 709	1 327	455	828	94	42	109	7 515
March	3 342	1 699	1 375	478	810	93	35	122	7 955
SEASONALLY ADJUSTED(b)									
<b>2001</b>									
January	2 587	1 354	911	395	647	68	33	88	6 089
February	2 526	1 296	928	357	646	67	30	93	5 926
March	2 769	1 462	1 019	395	708	76	31	93	6 582
April	2 915	1 510	1 110	411	756	77	33	107	6 980
May	3 022	1 632	1 237	443	810	79	43	115	7 327
June	3 102	1 723	1 256	454	826	86	45	110	7 642
July	3 282	1 853	1 307	469	829	68	44	120	7 954
August	3 253	1 842	1 284	457	817	86	39	114	7 840
September	3 344	1 906	1 326	467	817	87	42	114	8 080
October	3 310	1 901	1 301	457	745	87	38	121	8 061
November	3 283	1 847	1 321	485	812	94	39	109	7 923
December	3 341	1 875	1 328	499	830	88	43	112	8 136
<b>2002</b>									
January	3 326	2 074	1 424	504	884		41	99	8 471
						10			
						8			
February	3 210	1 801	1 321	463	835	97	41	110	7 867
March	3 308	1 731	1 348	476	801	92	32	116	7 814
TREND ESTIMATES(b)									
<b>2001</b>									
January	2 558	1 344	917	378	645	73	31	93	6 032
February	2 664	1 387	971	386	675	73	32	96	6 285
March	2 775	1 449	1 040	399	713	74	34	100	6 594
April	2 891	1 530	1 115	415	754	75	37	104	6 932
May	3 010	1 626	1 188	432	790	77	39	109	7 278
June	3 125	1 723	1 247	447	812	79	42	113	7 587
July	3 218	1 799	1 286	457	818	81	42	116	7 809
August	3 278	1 851	1 305	464	813	82	42	117	7 945
September	3 311	1 887	1 315	470	807	85	41	116	8 028
October	3 321	1 905	1 323	475	807	88	41	114	8 078
November	3 316	1 908	1 332	480	813	92	40	112	8 099
December	3 306	1 900	1 343	484	823	95	40	110	8 101
<b>2002</b>									
January	3 297	1 885	1 351	486	831	96	39	109	8 084
February	3 288	1 862	1 357	485	836	97	39	109	8 050
March	3 278	1 832	1 359	483	838	98	37	109	7 994

(a) Excludes alterations and additions. Includes refinancing.

(b) Sum of States and Territories may not equal Australian estimate, see Explanatory Notes 19.

## HOUSING FINANCE COMMITMENTS, Original

<i>Month</i>	<i>Dwellings financed, excluding refinancing</i>	<i>Refinancing</i>	<i>Alterations and additions</i>	<i>Total</i>	<i>Commitments advanced during month</i>	<i>Cancellation of commitments during month</i>	<i>Commitments not advanced at end of month(a)</i>
<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>	<i>\$m</i>
<b>2001</b>							
January	4 252	1 051	213	5 516	5 727	1 145	11 921
February	4 524	1 142	237	5 903	5 011	1 082	11 603
March	5 672	1 462	291	7 425	6 031	1 104	11 898
April	5 192	1 336	267	6 795	5 665	726	12 334
May	6 567	1 728	336	8 632	6 674	844	13 203
June	6 153	1 547	328	8 028	7 027	856	13 302
July	6 500	1 479	330	8 309	6 879	1 002	13 767
August	6 683	1 525	324	8 531	7 336	1 114	13 806
September	6 045	1 257	293	7 595	6 142	864	14 684
October	6 896	1 450	365	8 711	7 169	945	15 281
November	7 053	1 472	347	8 871	7 291	928	15 908
December	6 250	1 361	303	7 913	7 217	806	15 776
<b>2002</b>							
January	6 047	1 275	295	7 617	6 324	902	16 167
February	6 037	1 477	352	7 866	6 101	997	16 781
March	6 406	1 549	364	8 319	7 039	1 041	17 022

(a) This figure sometimes reflects a rebasing of the data by one or more lenders, without adjustment to earlier periods' commitments advanced or cancellations.

## HOUSING FINANCE COMMITMENTS, Refinancing–Original

REFINANCING..... ALL HOUSING FINANCE(a).....

Month	All banks	Permanent building societies	Wholesale lenders n.e.c.	Total other lenders(b)	Total	Total
NUMBER						
<b>2001</b>						
January	6 851	284	1 509	1 944	9 079	39 413
February	7 057	398	1 577	2 112	9 567	42 428
March	8 507	565	2 210	2 864	11 936	51 125
April	7 464	489	1 978	2 487	10 440	45 745
May	9 820	627	2 626	3 234	13 681	58 261
June	8 553	574	2 317	2 922	12 049	53 093
July	7 985	551	2 497	3 099	11 635	54 573
August	8 172	555	2 766	3 500	12 227	56 150
September	6 566	475	2 256	2 856	9 897	48 874
October	7 404	433	2 574	3 418	11 255	55 188
November	7 310	464	2 579	3 425	11 199	55 767
December	6 719	371	2 238	3 097	10 187	49 523
<b>2002</b>						
January	6 370	336	2 172	2 945	9 651	47 428
February	7 039	513	2 690	3 557	11 109	49 130
March	7 304	473	2 750	3 663	11 440	51 046

## VALUE (\$ million)

<b>2001</b>						
January	780	31	205	239	1 051	5 302
February	835	44	213	262	1 142	5 666
March	1 012	62	324	388	1 462	7 135
April	927	56	308	353	1 336	6 528
May	1 197	75	397	456	1 728	8 296
June	1 062	72	352	413	1 547	7 700
July	960	67	387	453	1 479	7 979
August	968	68	416	490	1 525	8 208
September	794	55	349	408	1 257	7 302
October	901	54	400	494	1 450	8 346
November	912	61	404	499	1 472	8 524
December	866	48	344	448	1 361	7 611
<b>2002</b>						
January	808	41	331	426	1 275	7 322
February	899	62	414	517	1 477	7 515
March	946	58	434	545	1 549	7 955

## AVERAGE BORROWING SIZE (\$ '000)

<b>2001</b>						
January	113.9	110.1	135.7	123.0	115.7	134.5
February	118.4	111.0	135.3	124.2	119.4	133.6
March	119.0	109.9	146.7	135.4	122.5	139.6
April	124.2	115.2	155.6	141.9	128.0	142.7
May	121.9	119.9	151.0	141.0	126.3	142.4
June	124.1	126.1	151.8	141.4	128.4	145.0
July	120.2	121.4	154.9	146.1	127.1	146.2
August	118.4	121.8	150.5	139.9	124.7	146.2
September	121.0	115.9	154.5	142.8	127.0	149.4
October	121.8	125.3	155.4	144.6	128.8	151.2
November	124.8	131.2	156.8	145.7	131.4	152.9
December	128.9	128.0	153.8	144.5	133.6	153.7
<b>2002</b>						
January	126.8	122.6	152.3	144.7	132.1	154.4
February	127.7	121.3	154.0	145.2	133.0	153.0
March	129.6	122.4	158.0	148.8	135.4	155.8

(a) Excludes alterations and additions.

(b) Includes Wholesale Lenders n.e.c.

## HOUSING FINANCE COMMITMENTS(a), By Type of Borrower and Loan–Original

Month	FIRST HOME BUYERS.....			FIXED RATE (2 YEARS OR LONGER)....			ALL FINANCE....
	<i>Dwellings financed</i>	<i>% of total</i>	<i>Average borrowing size</i>	<i>Dwellings financed</i>	<i>% of total</i>	<i>Average borrowing size</i>	<i>Average borrowing size</i>
	no.	%	\$'000	no.	%	\$'000	\$'000
<b>2001</b>							
January	8 132	20.6	125.9	3 549	9.0	115.6	134.5
February	9 057	21.3	124.2	3 917	9.2	117.7	133.6
March	10 512	20.6	131.0	4 138	8.1	122.8	139.6
April	10 398	22.7	136.5	3 784	8.3	129.7	142.7
May	13 424	23.0	133.7	5 398	9.3	137.7	142.4
June	12 722	24.0	135.0	5 113	9.6	139.8	145.0
July	14 085	25.8	138.0	4 524	8.3	136.2	146.2
August	14 156	25.2	139.3	4 069	7.2	131.8	146.2
September	11 976	24.5	144.2	2 909	5.9	135.0	149.2
October	13 765	24.9	144.9	2 751	5.0	131.0	151.2
November	14 080	25.2	143.8	2 765	5.0	134.9	152.9
December	12 604	25.5	146.4	3 389	6.8	139.6	153.7
<b>2002</b>							
January	11 412	24.1	146.9	3 587	7.6	143.5	154.4
February	9 878	20.1	145.2	4 012	8.2	142.0	153.0
March	10 265	20.1	146.1	4 464	8.7	140.7	155.8

(a) Excludes alterations and additions; includes refinancing.

Note revisions to First Home Buyers commitments in

July 2000, see Explanatory Notes 13 and 14.

## HOUSING FINANCE COMMITMENTS, By Purpose and State–Original

	<i>New South Wales</i>	<i>Victoria</i>	<i>Queensland</i>	<i>South Australia</i>	<i>Western Australia</i>	<i>Tasmania</i>	<i>Northern Territory</i>	<i>Australian Capital Territory</i>	<i>Australia</i>
<i>Month</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>	<i>no.</i>
<b>CONSTRUCTION OF DWELLINGS</b>									
<b>2001</b>									
January	699	1 023	594	282	532	59	17	26	3 232
February	886	1 087	719	259	603	56	n.p.	n.p.	3 657
March	1 088	1 427	894	365	659	83	20	47	4 583
April	984	1 364	902	302	697	n.p.	n.p.	32	4 371
May	1 414	1 832	1 415	466	1 115	84	52	39	6 417
June	1 417	1 869	1 508	497	1 079	80	34	60	6 544
July	1 525	2 019	1 645	515	1 143	68	34	57	7 006
August	1 506	2 326	1 551	512	1 174	98	24	45	7 236
September	1 374	1 910	1 453	374	915	89	20	55	6 190
October	1 525	2 311	1 599	509	1 095	104	28	57	7 228
November	1 518	2 226	1 656	519	1 059	100	25	64	7 167
December	1 377	1 995	1 598	536	1 112	101	19	47	6 785
<b>2002</b>									
January	1 215	2 119	1 621	485	1 059	104	22	32	6 657
February	1 257	1 725	1 211	437	867	96	n.p.	n.p.	5 679
March	1 365	1 665	1 323	473	789	88	n.p.	n.p.	5 789
<b>PURCHASE OF NEWLY ERECTED DWELLINGS</b>									
<b>2001</b>									
January	492	379	240	70	133	11	9	41	1 375
February	495	393	225	80	119	8	n.p.	n.p.	1 361
March	618	465	273	88	151	21	15	35	1 666
April	505	417	252	109	141	n.p.	n.p.	47	1 484
May	692	502	378	82	170	29	22	55	1 930
June	668	478	312	105	143	18	9	42	1 775
July	718	532	354	132	191	19	14	60	2 020
August	812	536	328	96	170	24	15	52	2 033
September	756	464	289	78	163	11	15	66	1 842
October	739	535	339	111	145	19	8	40	1 936
November	663	498	356	133	148	30	9	36	1 873
December	557	450	338	125	144	27	6	42	1 689
<b>2002</b>									
January	453	392	289	99	133	25	8	30	1 429
February	436	386	298	96	126	22	n.p.	n.p.	1 394
March	488	429	296	129	113	20	n.p.	n.p.	1 504
<b>PURCHASE OF ESTABLISHED DWELLINGS(a)</b>									
<b>2001</b>									
January	11 983	7 702	5 755	3 159	4 542	829	268	568	34 806
February	13 076	7 869	6 505	3 226	5 008	811	291	624	37 410
March	16 266	9 386	7 951	3 666	5 603	1	313	664	44 876
April	14 780	8 416	6 804	3 234	4 857	881	266	652	39 890
May	18 468	10 812	8 498	3 974	5 984	1	342	817	49 914
June	16 216	9 802	7 750	3 719	5 455	865	340	627	44 774
July	16 527	10 154	8 123	3 643	5 295	788	328	689	45 547
August	16 791	10 424	8 538	3 716	5 416	975	326	695	46 881
September	14 360	9 050	7 766	3 397	4 551	811	321	586	40 842
October	16 058	10 573	8 570	3 714	5 088	947	361	713	46 024
November	16 523	10 097	8 590	4 043	5 414	1	359	650	46 727
December	14 085	9 099	7 361	3 762	4 864	952	348	578	41 049
<b>2002</b>									
January	12 901	9 252	7 276	3 303	4 854	907	326	523	39 342
February	14 397	9 000	8 027	3 475	5 216	960	363	619	42 057
March	15 801	8 912	8 252	3 644	5 174	983	308	679	43 753

n.p. not available for publication.

(a) Includes refinancing.

## HOUSING FINANCE COMMITMENTS(a), By State—Original: March 2002

State	Construction of dwellings	Purchase of newly erected dwellings	Refinancing of established dwellings	Total purchase of established dwellings (b)	Total	Total dwellings, excluding refinancing
NUMBER						
New South Wales	1 365	488	3 974	15 801	17 654	13 680
Victoria	1 665	429	2 759	8 912	11 006	8 247
Queensland	1 323	296	1 883	8 252	9 871	7 988
South Australia	473	129	1 079	3 644	4 246	3 167
Western Australia	789	113	1 356	5 174	6 076	4 720
Tasmania	88	20	204	983	1 091	887
Northern Territory	n.p.	n.p.	61	308	328	267
Australian Capital Territory	n.p.	n.p.	124	679	774	650
Australia	5 789	1 504	11 440	43 753	51 046	39 606
VALUE (\$ million)						
New South Wales	248	104	669	2 990	3 342	2 673
Victoria	246	72	357	1 382	1 699	1 343
Queensland	186	45	233	1 144	1 375	1 143
South Australia	60	16	103	402	478	375
Western Australia	112	17	150	681	810	660
Tasmania	8	2	15	83	93	78
Northern Territory	n.p.	n.p.	6	32	35	29
Australian Capital Territory	n.p.	n.p.	17	107	122	105
Australia	873	261	1 549	6 821	7 955	6 406
AVERAGE BORROWING SIZE (\$'000)						
New South Wales	181.6	213.3	168.4	189.2	189.3	195.4
Victoria	147.6	168.3	129.2	155.0	154.4	162.8
Queensland	140.4	153.7	123.6	138.7	139.3	143.0
South Australia	127.5	124.2	95.4	110.3	112.6	118.5
Western Australia	141.7	149.8	110.6	131.6	133.2	139.8
Tasmania	96.2	85.2	73.8	84.4	85.4	88.0
Northern Territory	117.4	147.8	97.0	104.7	105.8	107.8
Australian Capital Territory	165.4	144.5	137.6	157.7	157.9	161.8
Australia	150.9	173.3	135.4	155.9	155.8	161.7

(a) Excludes alterations and additions.

(b) Includes refinancing.

## EXPLANATORY NOTES

### INTRODUCTION

**1** This publication presents statistics of secured housing finance commitments made by significant lenders to individuals. The commitments are for the construction or purchase of owner occupied dwellings. Commitments for the purchase of land, or for the construction or purchase of dwellings for rental or resale, are excluded and shown in *Lending Finance, Australia* (Cat. no. 5671.0).

### SCOPE

**2** Finance commitments made by the following types of lenders are included:

- Banks
- Permanent building societies
- Credit unions/co-operative credit societies
- Life or general insurance companies
- General government enterprises
- Superannuation funds
- Securitiser of mortgage assets (wholesale lenders) which provide funds to borrowers through a retail intermediary (e.g. mortgage originators)
- Other corporations registered under the *Financial Corporations Act 1974*.

**3** All lending commitments are classified to the Lender Type which is (or will be) the legal lender on the corresponding loan contract. Commitments are published for three Lender Types: Banks, Permanent Building Societies and Wholesale Lenders n.e.c. (not elsewhere classified).

### COVERAGE

**4** The statistics cover all banks and permanent building societies. For other lenders, the largest lenders to individuals for secured housing finance for owner occupation are included so that, together with banks and building societies, at least 95% of the Australian total of finance commitments for owner occupied housing is covered, and at least 90% of each State total is covered. While many smaller contributors to the Other Lenders series are excluded under these coverage criteria, at least 70% of finance commitments by other lenders are covered.

**5** An annual collection is conducted to maintain and update the survey coverage and new lenders are included as their lending for owner occupied housing becomes sufficiently large.

**6** From June 2001, the collection covers all commitments by banks and permanent building societies, all other lenders providing funds of more than \$50 million in 2000, and some additional smaller other lenders where necessary to maintain collection coverage (as specified in paragraph 4).

### REVISIONS

**7** Revisions to previously published statistics are included in the publication as they occur.

**8** Changes in the classification of lenders (e.g. the conversion of a permanent building society to a bank) are reflected in the Type of Lender series from the month of such changes. Data for earlier periods for such lenders are not reclassified. Details of the establishment of new banks are published in the Reserve Bank of Australia's monthly *Bulletin* in the section on Technical Notes to Tables.

### WHOLESALE LENDERS

**9** A wholesale lender provides funds to borrowers through a retail intermediary which may then also be responsible for the on-going relationship with the borrower. The Wholesale Lenders n.e.c. series almost exclusively comprises securitisation vehicles (typically special purpose trusts), established to issue mortgage backed securities. It excludes commitments where a bank or permanent building society (PBS), acting as a wholesale provider of funds, is the lender on the loan contract. Those commitments are published as bank or permanent building society commitments.

## EXPLANATORY NOTES

### WHOLESALE LENDERS *continued*

**10** Commitments for housing finance by Wholesale Lenders n.e.c. are included with both Other Lenders and Total Lenders, as well as being separately identified.

**11** From July 1995 to July 2000, mortgage managers reported housing finance commitments on behalf of wholesale lenders. The introduction of wholesale lenders as the reporting unit does not change the scope of the collection, but has increased its coverage. This, along with the reclassification of some lending activity, increased the level of the Wholesale Lenders n.e.c. series by \$249 million in July 2000.

**12** Wholesale lenders contribute to the Other Lenders series, which is seasonally adjusted in table 2. A trend break was added to the Other Lenders series, shifting the trend up by 1 579 commitments and \$178 million in July 2000. Revisions related to the introduction of wholesale lenders also resulted in a downward shift in the Banks trend of 1 256 commitments and \$167 million. Consequential breaks in the finance purpose trend series at July 2000 are:

- construction finance trend shifted down 16 commitments (\$3 million)
- newly erected dwelling trend shifted up 26 commitments (\$1 million)
- established dwelling trend shifted up 313 commitments (\$13 million)
- refinancing trend shifted up 177 commitments (\$17 million)
- total finance trend shifted up 323 commitments (\$11 million).

**13** Because of difficulties experienced by Wholesale Lenders n.e.c. in accurately identifying first home buyers in their commitments, these data are not used in estimating First Home Buyer commitments (table 7). Instead, the percentage of First Home Buyer commitments made by all banks and permanent building societies is applied to total Wholesale Lenders n.e.c. commitments in calculating their contribution to the series for First Home Buyers from July 2000. As a result, First Home Buyers commitments have been revised upwards by 0.8 percentage points in July 2000.

**14** An article on the introduction of the Wholesale Lenders n.e.c. series (including implications for the First Home Buyers series) featured in the October 2000 issue of this publication. A copy of the article is available from the ABS Financial Surveys section.

### SEASONAL ADJUSTMENT

**15** Seasonal adjustment is a means of removing the estimated effects of normal seasonal variation and 'trading day effects'. A 'trading day effect' reflects the varying amounts of activity on different days of the week and the different numbers of days of the week in any month (i.e. the number of Sundays, Mondays, etc.). This effect may be partly caused by the reporting practices of the lenders. Adjustment is also made for Easter which may affect the March and April estimates differently. Seasonal adjustment does not remove the effect of irregular or non-seasonal influences (e.g. a change in interest rates) from the series.

**16** Over the period from early 1990 to April 1995, each of the four major banks changed from reporting for the 4 or 5 weeks ending on the last Wednesday of each month to reporting on a calendar month basis. The published seasonally adjusted data take account of this change in pattern.

**17** Rapid change in the financial sector, and particularly developments in the provision of housing finance, may cause changes in the seasonal and trading day patterns of the housing finance data. Recent examples include changes in the classification of financial institutions (particularly the reclassification of non bank financial institutions to banks) and the increased use of mortgage securitisation.



## EXPLANATORY NOTES

- SEASONAL ADJUSTMENT *continued* **18** Estimation of seasonal adjustment and trading day factors that reflect the full effect of recent developments is not possible until a sufficient number of years of data have been collected. When changes are occurring in the seasonal patterns, larger revisions to the seasonally adjusted series can be expected at the time of the annual seasonal re-analysis. Accordingly, the trend estimate data provide a more reliable indicator of underlying movement in housing finance commitments. (See paragraphs 20 and 21 for further information on trend estimates).
- 19** State component series have been seasonally adjusted independently of the Australian series. The sum of the State components is therefore unlikely to equal the corresponding Australian Total series. The State component series are also affected by the changes mentioned in paragraphs 15 to 18.
- TREND ESTIMATES **20** Smoothing seasonally adjusted series reduces the impact of the irregular component of the seasonally adjusted series and creates trend estimates. These trend estimates are derived by applying a 13 term Henderson-weighted moving average to all but the last six months of the respective seasonally adjusted series. Trend series are created for the last six months by applying surrogates of the Henderson moving average to the seasonally adjusted series. For further information, refer to *Information Paper: A Guide to Interpreting Time Series—Monitoring Trends: An Overview* (Cat. no. 1348.0) or contact the Assistant Director, Time Series Analysis on Canberra 02 6252 6345 or by email at [timeseries@abs.gov.au](mailto:timeseries@abs.gov.au).
- 21** While the smoothing technique described in paragraph 20 enables trend estimates to be produced for the latest few months, it does result in revisions to the trend estimates as new data become available. Generally, revisions become smaller over time and, after three months, usually have a negligible impact on the series. Changes in the original data and re-estimation of seasonal factors may also lead to revisions to the trend.
- EFFECTS OF ROUNDING **22** Where figures have been rounded, discrepancies may occur between sums of the component items and totals.
- ABS DATA AVAILABLE ON REQUEST **23** Estimates for months prior to those shown in this publication and more detailed series are available. There will be a charge for the provision of such data.
- 24** Detailed data are also available from AusStats, a subscriber service of on-line time series data in spreadsheet format. To subscribe, or for more information, contact the ABS National Information and Referral Service on 1300 135 070.
- RELATED RELEASES **25** Users may also wish to refer to the following ABS releases:
- *Finance, Australia* (Cat. no. 5611.0)
  - *Lending Finance, Australia* (Cat. no. 5671.0)
  - *Assets and Liabilities of Australian Securitizers* (Cat. no. 5232.0.40.001)
  - *Annual Statistics for Financial Institutions* (Cat. no. 5661.0.40.001)
  - *Buildings Approvals, Australia* (Cat. no. 8731.0)
  - *Building Activity, Australia, Dwelling Unit Commencements* (Cat. no. 8750.0)
- 26** In addition, the Reserve Bank of Australia produces the monthly *Reserve Bank of Australia Bulletin* and the Australian Prudential Regulation Authority (APRA) publishes a range of finance statistics on its website <[www.apra.gov.au](http://www.apra.gov.au)>
- SYMBOLS AND OTHER USAGES m million
- n.e.c. not elsewhere classified
- n.p. not available for publication but included in totals where applicable
- n.y.a. not yet available

## G L O S S A R Y

<b>Alterations and additions</b>	Alterations and additions cover all structural and non-structural changes which are integral to the functional and structural design of a dwelling. Examples are garages, carports, pergolas, reroofing, recladding, etc. Alterations and additions do not include swimming pools, ongoing repairs, or maintenance and home improvements which do not involve building work.
<b>Average borrowing</b>	<p>Average borrowing is calculated as follows:</p> $\frac{\text{Total value of lending commitments per month}}{\text{Total number of dwellings financed per month}}$ <p>Average borrowing does not necessarily represent the average loan size per dwelling. For instance, average borrowing separately reflects first and second mortgages, committed in separate months, which apply to the same dwelling.</p>
<b>Commitment</b>	A lending commitment is a firm offer of housing finance. It either has been, or is normally expected to be, accepted. Included are commitments to provide housing finance to employees and commitments accepted and cancelled in the same month.
<b>Commitments not advanced</b>	<p>Commitments not advanced at the end of the period are calculated as follows:</p> $\begin{aligned} & \text{Balance of unadvanced commitments at the end of the previous period} \\ + & \text{ Total new housing commitments (including refinancing)} \\ + & \text{ Alterations and additions} \\ \hline = & \text{ Total commitments} \\ - & \text{ Cancellations of commitments} \\ - & \text{ Commitments advanced during the period} \\ \hline = & \text{ Commitments not advanced at the end of the period} \end{aligned}$
<b>Commitment value</b>	The commitment value for a contract of sale is the dwelling's sale value less any deposit.
<b>Construction of dwellings</b>	Construction of dwellings represents commitments made to individuals to finance, by way of progress payments, the construction of owner occupied dwellings.
<b>Dwelling</b>	A dwelling is a single self-contained place of residence such as a detached or semi-detached house, a terrace house, a flat, home unit, town house, etc.
<b>Dwelling units</b>	Dwelling units refer to the number of single self-contained residences for which commitments have been made, either on the security of first mortgage or on contract of sale.
<b>Established dwelling</b>	An established dwelling is one which has been completed for 12 months or more prior to the lodgement of a loan application, or which has been previously occupied.
<b>First home buyers</b>	First home buyers are persons entering the home ownership market for the first time.
<b>Fixed rate loan</b>	Fixed rate loans have a set interest rate which cannot be varied, either upward or downward, for a minimum period of two years. Capped loans are not categorised as fixed rate loans because their interest rate can vary within a two year period.

## G L O S S A R Y

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- Newly erected dwelling** A newly erected dwelling is one that has been completed within 12 months of the lodgement of a loan application, and the borrower will be the first occupant.
- Refinancing** Refinancing represents a commitment to refinance an existing loan where the refinancing lender is not the lender who made the original loan. Excluded are an institution's refinancing of its own loans and the refinancing of loans to fund a change of residence. The latter is treated as a new lending commitment.
- Secured housing finance** This is all secured commitments to individuals for the construction or purchase of dwellings for owner occupation, regardless of type of security. Commitments for dwellings that will be occupied by persons other than the owner(s) are excluded.
- Self-contained** The dwelling includes bathing and cooking facilities.
- Wholesale Lenders** A wholesale lender provides funds to borrowers through a retail intermediary which may then also be responsible for the ongoing relationship with the borrower. The Wholesale Lenders n.e.c. (not elsewhere classified) series almost exclusively comprises securitisation vehicles (typically special purpose trusts) established to issue mortgage backed securities. It excludes funds provided where a bank or permanent building society, acting as a wholesale provider of funds, remains the lender on the contract. Those commitments are published as bank or permanent building society commitments.

## RECENT TRENDS IN CONSTRUCTION AND FIRST HOME BUYERS FINANCE

### INTRODUCTION

The 38 months from January 1999 to February 2002 saw considerable movements in the trend series for construction of dwellings finance and the first home buyers component of housing finance commitments, with large swings in both series coinciding with changes in government policy concerning tax, First Home Buyers (FHBs) and dwelling construction activity.

In July 2000, The New Taxation System (TNTS) was introduced, and with it a First Home Owners Grant (FHOG) of \$7,000 was payable to all first time buyers of a home, either new or existing. The grant was introduced to compensate for an anticipated increase in house building costs associated with the implementation of the Goods and Services Tax.

The FHOG was foreshadowed many months in advance, with a noticeable effect on the trend series for finance commitments to first home buyers in the months before and after its introduction. FHBs delayed demand for housing finance for some months before flooding back into the market in July 2000.

The next milestone of interest occurred on 9 March 2001, from which time the FHOG was extended to provide an additional \$7,000 if building or purchasing a new dwelling rather than an existing dwelling. The announcement of the supplement to the grant was made suddenly, with an effect on both the construction of dwellings finance series and the first home buyer series occurring from May 2001.

On 1 January 2002, the FHOG was scaled back so that a lesser amount of \$3,000 was granted to eligible builders or purchasers of a new dwelling in addition to the \$7000 available to all FHBs. When the scaleback was imminent, there was some strength in both the first home buyers and construction finance series in December 2001, with the strong activity spilling into January 2002. To qualify for the higher amount of the FHOG, a binding contract must have been signed, or building commenced (in the case of owner builders) by 31 December 2001. Generally it would be expected that a home buyer has obtained the commitment to finance the construction before its commencement, although it is conceivable that in the hurry to qualify for the higher grant, the finance commitment was organised later than usual. However, in February 2002 both the construction and first home buyer series saw sharp falls in activity, with the trend series indicating that the growth of the previous year was over.

This article examines the series for construction of dwelling finance and finance to first home buyers from January 1999, comparing across the States. As the analysis is of developments over time, it is based on trend series. Most of the series used in this article are not seasonally adjusted or trended for regular publication, so were adjusted especially. All series used in this article can be accessed through spreadsheets on the ABS website at [www.abs.gov.au](http://www.abs.gov.au). For more information on seasonal adjustment and trending, see paragraphs 15 to 21 of the Explanatory Notes of this publication.

### NATIONAL SERIES

There was a close relationship between the first home buyer and the construction finance trends from January 1999 until February 2002. Both grew to seven year highs in the eleven months to November 1999, with the FHB trend growth around 1.3% per month, and the construction finance trend growing at around 1.7% per month. From November 1999 until June 2000, both series declined as the introduction of TNTS approached. For the construction series, the introduction of TNTS was expected to add to the cost of building a new home, tending to bring forward construction finance commitments from early 2000 into late 1999, as owner builders sought finance for construction work which needed to be completed by June 2000 to avoid attracting the GST. At the same time, first home buyers were anticipating the introduction of

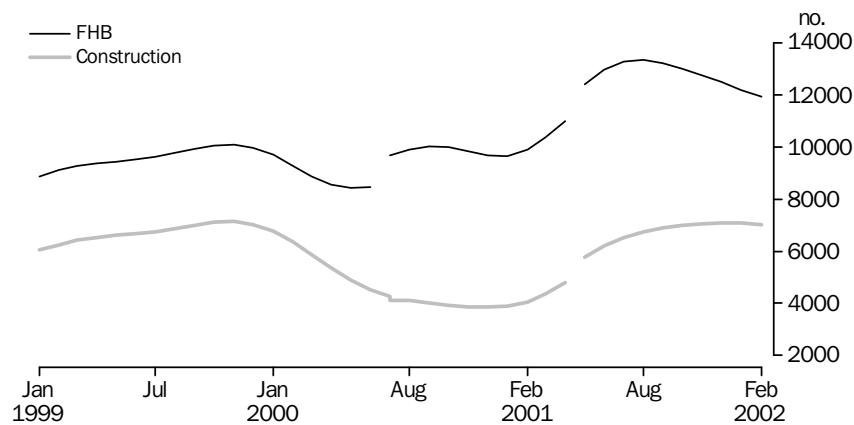
NATIONAL SERIES *continued*

the FHOG in July 2000, and so appeared to delay demand for finance until after June 2000. The two series diverged in July 2000, with the first home buyers trend jumping by around 14% to a new level (illustrated by a trend break in the graph below), while the construction series continued to decline, indicating that much of the first home buyer strength was directed towards established dwellings.

The construction series hit a 13 year low in December 2001, before beginning to recover in early 2001. In March 2001, the FHOG was extended for purchasers of new homes. While both the FHB and the construction finance series were growing from early 2001, two months later in May 2001, both series jumped to new levels, illustrated below by trend breaks in both series. There was an 8% jump for FHBs and a 14% jump for construction finance.

The construction finance trend series growth has only recently ended, with the trend having declined marginally from December 2001. The first home buyers series strength ended some months earlier, with the trend peaking in August 2001 and declining since.

**1** AUSTRALIA, Trend for Construction Finance and First Home Buyers



STATE ANALYSIS

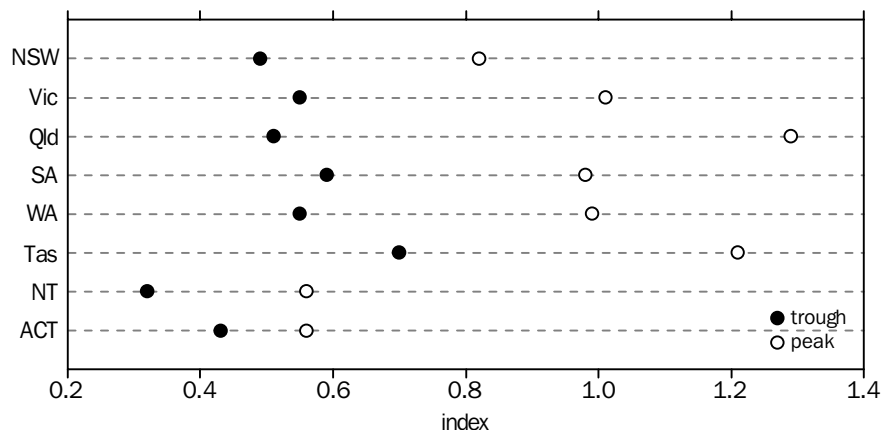
Reflecting the national trend, most States' construction finance trends declined from very high levels in late 1999 to troughs in late 2000, before rising to new peaks between October 2001 (NSW) and February 2002 (for Tasmania, West Australia, and South Australia, where the trend continued to rise). The Tasmanian construction finance trend has been unusual, with its cycle delayed by several months compared with most states, peaking in March 2000 and then declining until May 2001.

To illustrate the depth of the construction finance trough in 2000, an index was formulated for each State, where the peak level of the construction finance trend in late 1999 was scaled to 1.00, and then two relative indexes created: one for the following trough, and another for the subsequent peak (or the most recent month where the series was still increasing). As illustrated in Graph 2, most States declined to a level of between 0.50 and 0.60 times the late 1999 peak, with the depth of the trough greatest in the NT and the ACT (0.32 and 0.43 times the 1999 peak respectively). The two territories had barely emerged from the low point of late 2000, with the most recent peak at a level just 0.56 times the high of late 1999.

STATE ANALYSIS *continued*

On the other hand, Queensland responded most strongly to the construction finance stimulus throughout 2001, climbing to a recent high which was 1.29 times its previous peak in November 1999. The Tasmanian construction finance trend was still increasing, and at February 2002 was 1.21 times its March 2000 peak, although the first peak was a three year high, compared with a five year high for the December 1999 national peak.

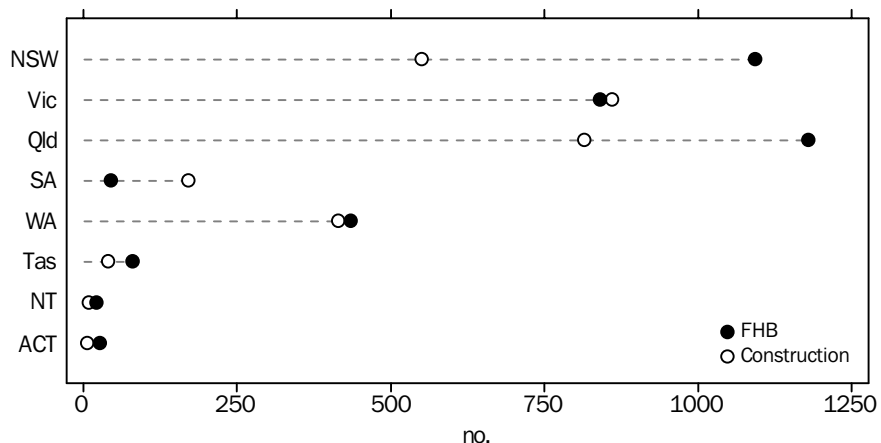
**2** CONSTRUCTION FINANCE INDEXES, Relative depth of the 2000 trough and the 2001 peak



The Housing Finance collection does not require lenders to report on construction finance commitments by FHBs. Total commitments by lenders are reported by the purpose of the commitment (construction finance or some other purpose), and by the type of borrower (FHB or not). Therefore definitive statements about commitments to FHBs for construction finance cannot be made.

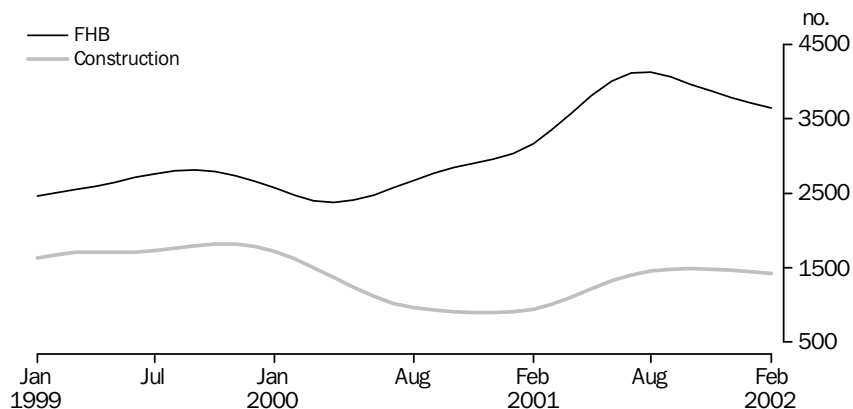
Graph 3 shows that NSW and Queensland stand out for the much larger increases in the FHB trend compared with the increases in the construction finance trend from January 2001 until the month in which the FHB trend peaked in the respective States. The bigger increases in the FHB trends are likely to be due to increases in non-construction finance, which is dominated by established dwelling finance. South Australia was unusual in that strength in the FHB trend in the months from January 2001 to its peak was minimal relative to growth in the construction finance trend over the same period. This suggests that increases in construction finance commitments drew more heavily on non-FHBs than FHBs in that State.

**3** INCREASE IN COMMITMENTS, Change from January 2001 to peak



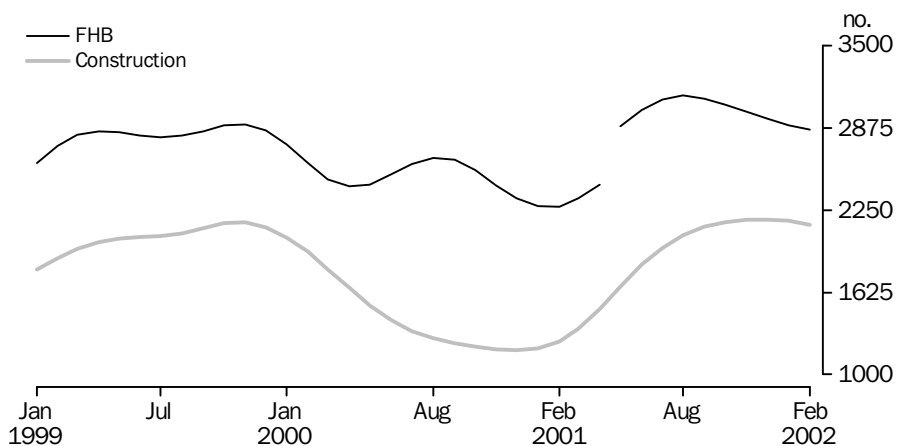
NEW SOUTH WALES The FHB series trend increased steadily and with some strength from April 2000 until a peak at August 2001, although it did not respond as quickly as in some other States to the stimuli of July 2000 and March 2001. The construction finance trend fell to a low in December 2000, in line with other States, although its recovery since then reached just 0.82 times its high of October 1999.

**4** NEW SOUTH WALES, Trend for Construction Finance and First Home Buyers



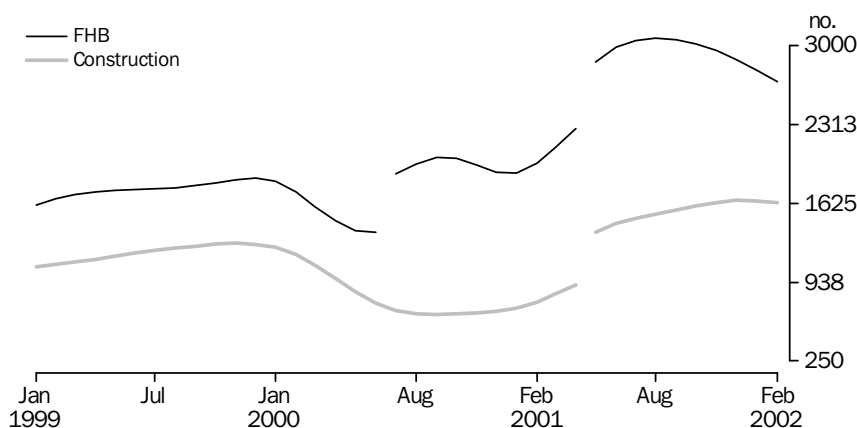
VICTORIA The FHB trend series for Victoria rose strongly from April 2000, mainly due to the unusual strength in the original series in July and August 2000, with the introduction of the GST. There was a jump to a new level in May 2001, occurring just after the extension of the FHOG in March 2001. The construction trend increased strongly from its low in December 2000, to surpass the previous peak of December 1999.

**5** VICTORIA, Trend for Construction Finance and First Home Buyers



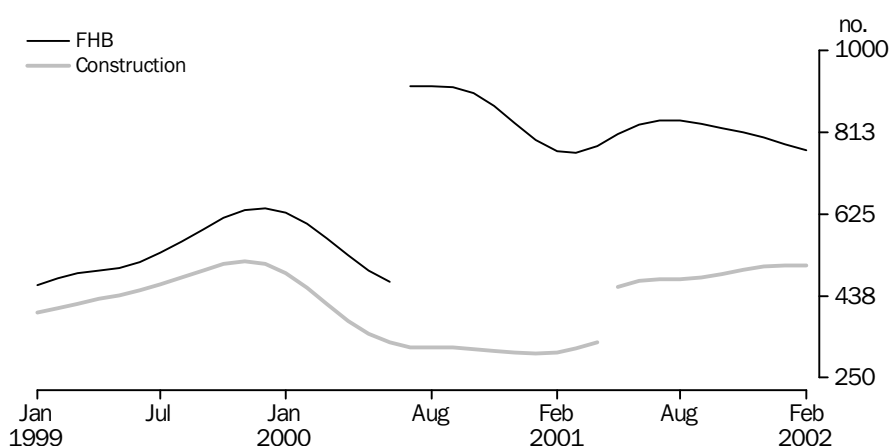
QUEENSLAND The Queensland FHB trend reacted very strongly to the July 2000 introduction of the FHOG, and again in May 2001 after the extension of the FHOG, with trend breaks evident in these months. The construction finance trend declined from January 2000 to September 2000, then increased slowly until jumping to a new level in May 2001. The Queensland construction finance trend series increased most strongly of all the States from its September 2000 low, reaching a level 1.29 times the December 1999 peak in February 2002.

**6** QUEENSLAND, Trend for Construction Finance and First Home Buyers



SOUTH AUSTRALIA The South Australia FHB trend reacted extremely strongly alongside the July 2000 introduction of the FHOG, increasing by 448 commitments (95%). While the construction finance trend increased by 128 commitments (39%) in May 2001, the corresponding growth in the FHB trend was weak relative to other States, increasing by just 74 commitments (9.7%) from the low of March 2001 to the high of July 2001.

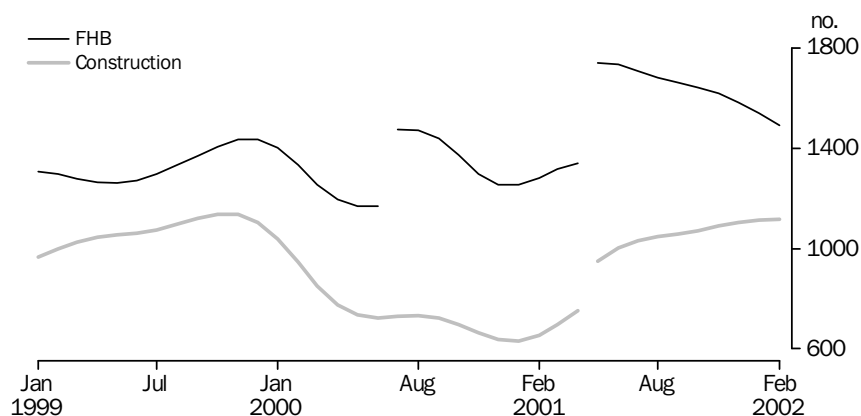
**7** SOUTH AUSTRALIA, Trend for Construction Finance and First Home Buyers





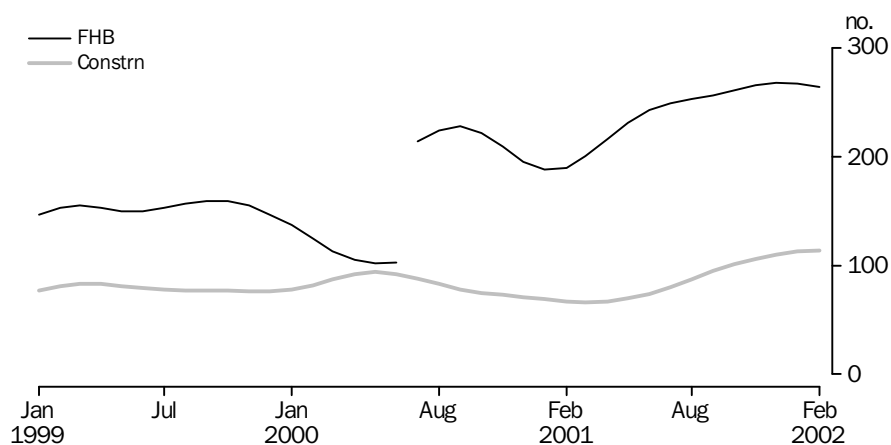
WESTERN AUSTRALIA The Western Australia FHB trend saw two large increases at July 2000 and May 2001, coinciding with the introduction of the FHOOG and its extension. The state graphs mirrored the national trend, although their relative strength was greater. The jump in May 2001 was accompanied by a sharp increase in the construction finance trend.

**8** WESTERN AUSTRALIA, Trend for Construction Finance and First Home Buyers



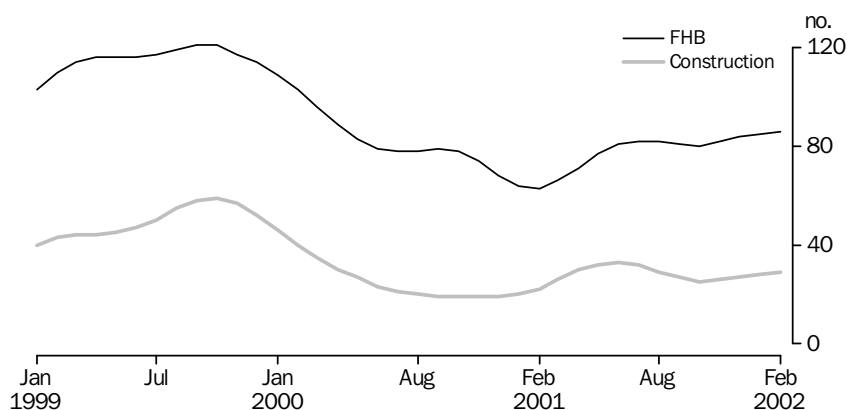
TASMANIA The Tasmania FHB trend increased by 109 commitments (108%) in July 2000, and then increased strongly from January 2001. The construction finance trend behaved unusually in Tasmania, peaking later (in May 2000) and then reaching its low several months later than most other States (in March 2001). As illustrated in Graph 2 above, the construction finance trough was the least deep of all the States, and the trend then outgrew the previous peak by a factor of 1.21 times.

**9** TASMANIA, Trend for Construction Finance and First Home Buyers

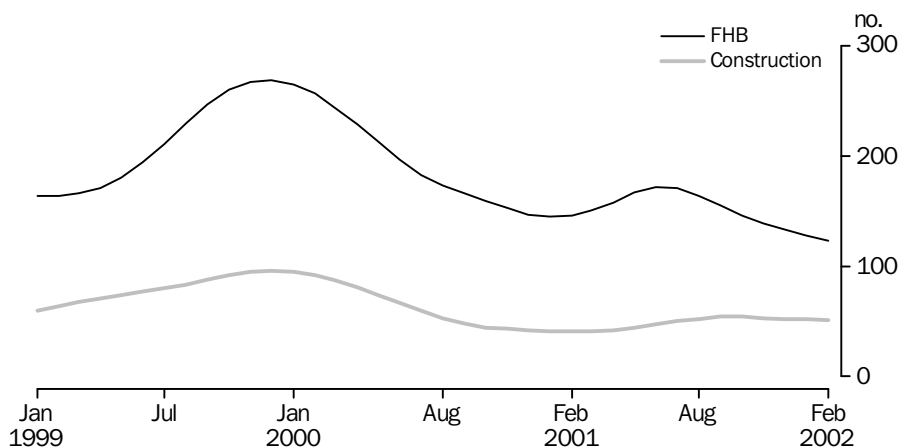


NORTHERN TERRITORY and ACT The pattern of the FHB and the construction finance trends for the NT and the ACT were very similar. In neither territory was any sustained increase in the FHB trend observed in July 2000, with the trend falling continuously from late 1999. The construction finance trend peaked in October 1999 (NT) and December 1999 (ACT) and then declined relatively more than for any other State, to a level just 0.32 (NT) and 0.43 (ACT) times the previous peak. The recovery from late 2000 has been weakest in the NT and the ACT, with the construction finance trend increasing to a level of just 0.56 times the previous peak.

**10** NORTHERN TERRITORY, Trend for Construction Finance and First Home Buyers



**11** ACT, Trend for Construction Finance and First Home Buyers





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- INTERNET* **www.abs.gov.au** the ABS web site is the best place to start for access to summary data from our latest publications, information about the ABS, advice about upcoming releases, our catalogue, and Australia Now—a statistical profile.
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2560900003023  
ISSN 1031-0320

RRP \$19.00

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Produced by the Australian Bureau of Statistics