

# Home loans rise as first-time buyers hit lowest ebb

MORE home loans were approved in November than a month earlier in a further indication major lenders are increasingly comfortable with their loanbooks' level of exposure to risk.

The number of owner-occupier home loans signed climbed by 1.1 per cent seasonally adjusted, according to Australian Bureau of Statistics figures released yesterday.

## HOUSING

However, first homebuyers continued to be pushed out of the equation, taking up just 12.3 per cent of all new loans signed — a historic low since the Australian Bureau of Statistics index's 1991 inception.

Conversely, investors continued to muscle in on the property market, taking up 38 per cent of new loans.

The overall solid result for November means we've seen the last of the official interest rate cuts in the present cycle, a leading economist has said.

Commonwealth Bank of Australia chief economist Michael Blythe said the Reserve Bank now had no need to reduce the cash rate from a historic low of 2.5 per cent.

"You don't need any more help from (a housing) perspec-

tive and the sectors that do still need help would benefit more from a lower currency."

Home mortgage approvals hit 52,912 in November, compared to 52,321 approvals a month earlier.

Total housing finance commitments by value rose 1.7 per cent in November, seasonally adjusted, to \$26.93 billion.

First-homebuyers have become increasingly absent fol-

lowing the paring back of a number of government support packages, including the July abolition of the \$7000 First Home Owner's Grant for established homes.

Their share of new loans accounted for just 12.3 per cent, down from nearly a third (31.4 per cent) of the total take-up just five years ago.

"It does however, suggest the pool of renters is growing,

which would in turn support rental markets and the investor market," Bank of Melbourne economist Janu Chan said.

JP Morgan's Ben Jarman said the lack of a first-homebuyer presence could be explained by the growing trend of parents helping with a deposit through investment properties rented to their children, or a bequeath.

## First-home buyers abandon the dream

THE great Aussie dream of home ownership continues to remain just that for many, with first-home buyers accounting for just one in eight new home mortgages.

First-home buyers took up a mere 12.3 per cent of home finance commitments for November, Australian Bureau of Statistics figures show.

Conversely, investors continued to muscle in, taking up 38 per cent of new loans.

The disappearing act of the first-home buyer marks a rapid decline since the grant-fuelled markets of recent years, with new entrants taking up almost

a third (31.4 per cent) of new loans in May 2009.

A \$7000 First Home Owners Grant for established homes ceased in Victoria in July last year. However, property prices across the country climbed 9 per cent in 2013, aided by the record low official interest rate of 2.5 per cent.

"The lack of home buyers in the market suggests house price growth will not be as strong as in previous upturns," Bank of Melbourne economist Janu Chan said.

The average loan size for first-home buyers is \$298,000.

BUSINESSDAILY, PAGE 25