

Media Release

10 February 2010

Housing finance figures show RBA decision justified

The Australian Bureau of Statistics (ABS) Housing Finance figures for December 2009 show housing finance commitments, in trend terms, have once again decreased, this time by 2.3 per cent – the largest decrease since August 2009.

“August 2009 saw the first decline in housing finance figures in 12 months and figures have continued to decrease since this time,” said Real Estate Institute of Australia (REIA) President, Mr David Airey.

“The ABS data highlights that the Reserve Bank of Australia’s (RBA) decision to put interest rates on hold this month were justified,” Mr Airey continued.

REIA has noted publicly on previous occasions that the decrease evident in housing finance commitments was exactly what would happen once the First Home Owners Grant Boost (FHOG Boost) was phased out at the end of 2009.

“First home owner finance commitments, as a percentage of owner occupied finance commitments have once again decreased in trend terms, down from 22.1 per cent in November 2009 to 21.0 per cent in December 2009 – a figure that reached a high of 28.5 per cent in May 2009”, said Mr Airey.

“The evidence is showing that caution is still needed in monetary policy,” concluded Mr Airey.

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