



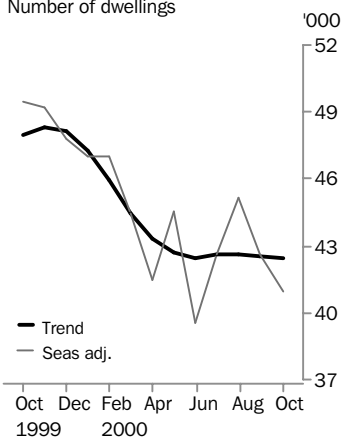
HOUSING FINANCE FOR OWNER OCCUPATION

AUSTRALIA

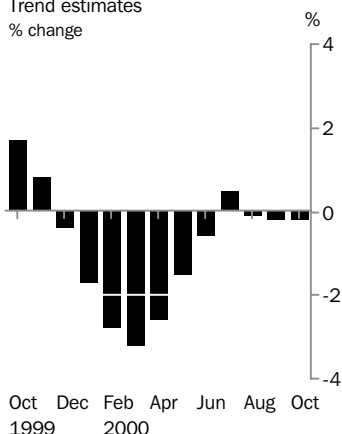
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Housing finance

Number of dwellings



Number of dwellings

Trend estimates
% change

OCTOBER KEY FIGURES

TREND ESTIMATES

	Oct 2000	% change Sep 2000 to Oct 2000	% change Oct 1999 to Oct 2000(a)
Number of dwellings financed	42 448	-0.2	-11.5
Construction of dwellings	3 863	-2.5	-45.7
Purchase of new dwellings	1 276	-2.7	-19.7
Purchase of established dwellings	37 309	0.2	-5.0

SEASONALLY ADJUSTED

	Oct 2000	% change Sep 2000 to Oct 2000	% change Oct 1999 to Oct 2000
Number of dwellings financed	40 956	-3.9	-17.1
Construction of dwellings	3 843	-3.7	-46.8
Purchase of new dwellings	1 137	-18.5	-33.2
Purchase of established dwellings	35 976	-3.3	-11.2

(a) Refer to Explanatory Notes paragraph 12 on page 16 regarding wholesale lenders.

OCTOBER KEY POINTS

TREND ESTIMATES

- The total housing finance commitments trend estimate declined 0.2% (or 70 commitments) in October 2000. The trend for established dwelling finance increased by 0.2% (or 63 commitments).
- Construction finance declined by 2.5% and newly erected dwelling finance fell by 2.7%, with both trend series at their lowest levels in more than ten years.

SEASONALLY ADJUSTED ESTIMATES

- Seasonally adjusted total housing finance commitments fell by 3.9% in October 2000, with established dwelling finance falling by 3.3%.
- Construction finance continued to slide, falling 3.7% to the lowest level since May 1987, while newly erected dwelling finance fell sharply, by 18.5%, to the lowest level since April 1990.

ORIGINAL ESTIMATES

- The percentage of commitments at a fixed rate of interest (for two years or more) continued to increase, rising to 16.7% (from 14.4% in September) to the highest level in two years. Some lenders were vigorously marketing fixed rate products, and major lenders' advertised medium term fixed interest rates remained markedly lower than the corresponding standard variable rate.

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

NOTES

FORTHCOMING ISSUES

ISSUE	RELEASE DATE
November 2000	17 January 2001
December 2000	12 February 2001
January 2001	12 March 2001
February 2001	9 April 2001
March 2001	14 May 2001
April 2001	7 June 2001

CHANGES IN THIS ISSUE

Three changes have been introduced with this issue.

New seasonal factors calculated in the annual seasonal re-analysis have been introduced, resulting in revisions to all seasonally adjusted and trend estimates.

Table 9 has been reformatted, replacing the separate estimates for Houses and Other Dwellings with total dwellings estimates. The order of finance purposes in Table 9 has changed for consistency with Table 1, with established dwelling finance including refinancing.

The Mortgage Managers series has been re-named Wholesale Lenders n.e.c. (Tables 2 and 6) to reflect the new reporting unit. This and related changes have resulted in upward revisions to Wholesale Lenders n.e.c. and related series, and downward revisions to Banks. Details of this change are provided in a feature article on page 20.

The value of commitments not advanced (Table 5) has been significantly revised back to June 2000, due to rebasing by a lender which had underreported cancellations for some time. The extent of the rebasing is reflected in upward revisions to cancellations back to June 2000.

SENSITIVITY ANALYSIS

The graph and table below presents the effect on the published trend series of a rise or fall of 4% in the seasonally adjusted series. This represents the average absolute percentage change of that series for the last 10 years. See Explanatory Notes 15–17.

NUMBER OF DWELLINGS FINANCED	TREND AS PUBLISHED		WHAT IF NEXT MONTH'S SEASONALLY ADJUSTED ESTIMATE:				
	estimate	% change	1 <i>rises by 4% on Oct 2000</i>		2 <i>falls by 4% on Oct 2000</i>		
			estimate	% change	estimate	% change	
	May 2000	42 675	-1.5	42 616	-1.7	42 679	-1.5
	June 2000	42 411	-0.6	42 295	-0.8	42 405	-0.6
	July 2000	42 610	0.5	42 601	0.7	42 657	0.6
	August 2000	42 586	-0.1	42 647	0.1	42 501	-0.4
	September 2000	42 518	-0.2	42 606	-0.1	42 120	-0.9
	October 2000	42 448	-0.2	42 507	-0.2	41 593	-1.3
	November 2000	—	—	42 273	-0.6	40 893	-1.7
	(new)						

Dennis Trewin
Australian Statistician

HOUSING FINANCE: Summary of findings

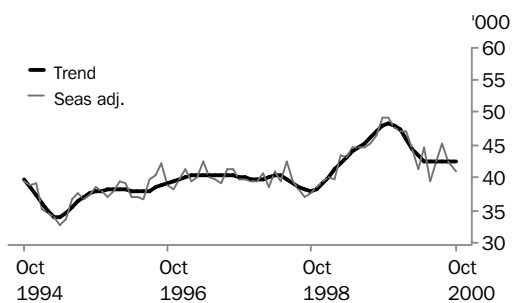
NUMBER OF DWELLINGS FINANCED

DWELLINGS FINANCED

Seasonally adjusted housing finance commitments fell by 3.9% in October, following a fall of 5.7% in September. While the trend series shows a very gradual decline over the past three months, a fall in the November seasonally adjusted estimate comparable to the September and October declines will result in the trend series being revised to reflect a more strongly declining trend.

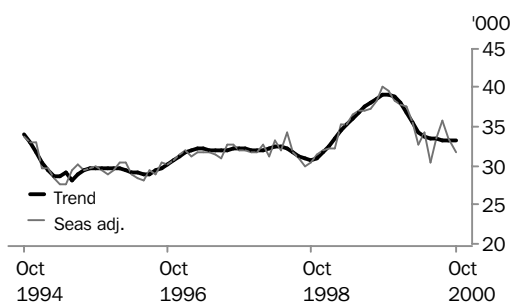
Seasonally adjusted housing finance commitments declined in Western Australia (down 568 commitments, or 9.9%), NSW (down 315 commitments, or 2.3%), South Australia (down 246 commitments, or 6.2%) and Victoria (down 76 commitments, or 0.8%). All other States rose. In trend terms, NSW, Victoria, Western Australia and the ACT all declined in October 2000, with the ACT falling steadily from the November 1999 peak.

The percentage of commitments at a fixed rate of interest (for two years or longer) continued to increase, from 14.4% in September to 16.7% in October 2000, its highest level since September 1998. The number of fixed rate commitments has almost doubled over the past three months, increasing from 3 514 in July to 6 877 in October, with some lenders heavily marketing fixed rate loans and the advertised medium term fixed interest rate of all major lenders remaining lower than standard variable rates.



DWELLINGS FINANCED EXCLUDING REFINANCING

The trend series for housing finance, excluding refinancing, declined by 0.2% in October 2000, while the seasonally adjusted series declined by 5.1%.



VALUE OF COMMITMENTS

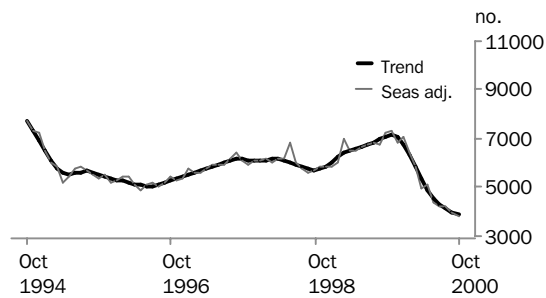
The total value of housing finance commitments (seasonally adjusted) declined by 4.9% in October 2000, after a similar fall (of 4.1%) in September. The trend series declined by 1.1%, for its tenth successive fall since the December 1999 series high. The average borrowing size (original terms) was steady at \$126 100.

HOUSING FINANCE: Summary of findings

PURPOSE OF FINANCE

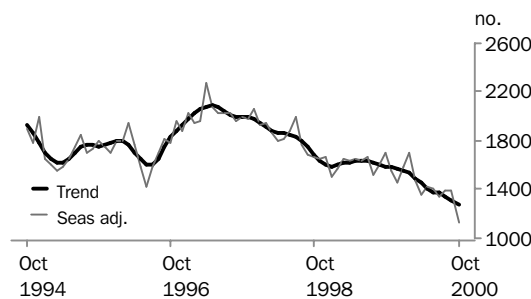
CONSTRUCTION OF DWELLINGS

Construction finance continued to fall, down by 3.7% (seasonally adjusted) in October 2000, after a 5.2% decline in September. The trend series fell by 2.5% in October, to a level 45.8% lower than October 1999, and the lowest level since May 1987. The changes associated with wholesale lenders (see feature article on page 20) had a small effect, shifting the trend down by 16 commitments (0.4%) in July 2000.



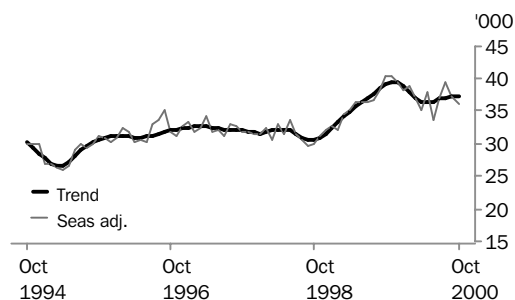
PURCHASE OF NEW DWELLINGS

The seasonally adjusted series for newly erected dwelling finance fell by 18.5% in October 2000, after being stationary in September. The sharp fall in the adjusted estimate has caused the trend series to return to one of steady decline, falling by 2.7% in October 2000 to its lowest level since July 1990. The seasonal re-analysis has considerably dampened the volatility of the series in recent months, reducing the magnitude of all movements back to April 2000. The changes associated with wholesale lenders (see feature article) shifted the trend up by 26 commitments (or 1.9%) in July 2000.



PURCHASE OF ESTABLISHED DWELLINGS

Established dwelling commitments fell 3.3% in seasonally adjusted terms in October 2000, after a fall of 6.0% in September. The trend series has flattened, growing by just 63 commitments (or 0.2%) in October. The changes associated with wholesale lenders (see feature article on page 20) had only a minor effect, shifting the trend up by 313 commitments (or 0.9%) in July 2000.

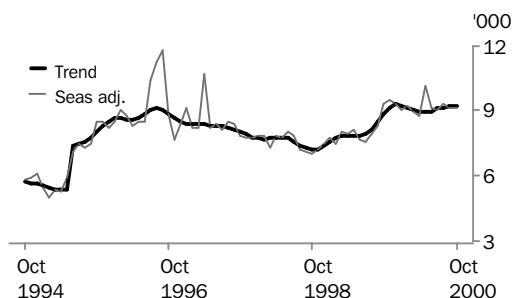


HOUSING FINANCE: Summary of findings

PURPOSE OF FINANCE *continued*

REFINANCING

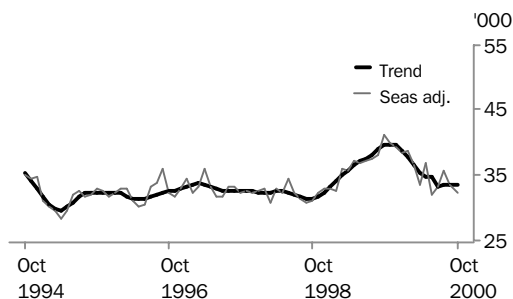
Commitments to refinancing established dwellings increased by a seasonally adjusted 0.6% (or 57 commitments) in October 2000, with the past five months seeing the series move within a narrow band. The trend has settled at a level of close to 9 200 commitments. The changes associated with wholesale lenders (see feature article) saw an upward trend shift of 177 commitments (or 1.9%) in July 2000.



TYPE OF LENDER

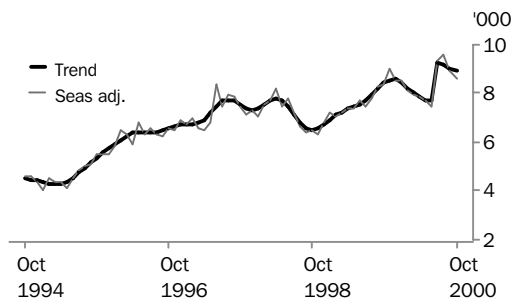
BANKS

Seasonally adjusted Bank commitments fell by 4.0% in October 2000 after a fall of 5.4% in September. Three months of gentle growth can be observed in the trend series since July 2000, when the changes associated with wholesale lenders shifted the trend series down by 1 256 commitments, or 3.9% (see feature article on page 20). The trend series will return to one of decline, even with an increase of 7.0% in the November seasonally adjusted estimate.



NON-BANKS

Seasonally adjusted Non-Bank commitments fell by 3.5% in October 2000, after a 6.9% decline in September. The trend fell by 1.1% in October, with three consecutive months of decline since the July 2000 trend break, which lifted the trend by 1 579 commitments (or 21.1%).



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										
1999										
August	6 977	950	1 557	223	8 375	944	36 608	4 900	45 142	6 073
September	7 139	995	1 621	244	8 590	951	38 479	5 101	47 239	6 340
October	7 123	1 002	1 696	268	8 905	985	39 216	5 321	48 035	6 591
November	7 621	1 070	1 678	257	10 069	1 111	43 057	5 858	52 356	7 186
December	6 655	951	1 426	225	8 868	1 000	39 108	5 415	47 189	6 591
2000										
January	5 245	754	1 267	186	7 090	799	30 649	4 233	37 161	5 174
February	6 855	1 005	1 705	270	9 295	1 062	39 478	5 389	48 038	6 663
March	6 531	936	1 659	257	10 013	1 170	42 298	5 753	50 488	6 946
April	4 588	665	1 192	185	7 677	883	31 934	4 400	37 714	5 250
May	5 766	795	1 541	233	11 034	1 273	42 743	5 616	50 050	6 644
June	4 508	608	1 541	248	10 209	1 182	35 083	4 743	41 132	5 600
July	3 902	537	1 296	188	9 125	1 040	35 754	4 542	40 952	5 267
August	4 583	604	1 474	216	10 111	1 138	40 914	5 213	46 971	6 032
September	4 056	536	1 347	199	8 881	1 013	35 861	4 469	41 264	5 204
October	3 915	521	1 200	182	9 162	1 062	36 042	4 489	41 157	5 192
SEASONALLY ADJUSTED										
1999										
August	6 847	922	1 523	220	7 965	905	36 860	4 852	45 230	5 994
September	6 795	943	1 607	236	8 308	933	38 152	5 108	46 554	6 287
October	7 224	1 020	1 702	279	9 340	1 040	40 497	5 540	49 423	6 839
November	7 317	1 025	1 547	234	9 516	1 062	40 321	5 424	49 185	6 683
December	6 873	982	1 452	223	9 335	1 048	39 456	5 403	47 781	6 607
2000										
January	7 103	1 000	1 581	238	9 090	1 036	38 343	5 305	47 027	6 542
February	6 455	945	1 706	273	9 281	1 053	38 834	5 341	46 995	6 560
March	5 846	827	1 478	228	8 942	1 031	37 148	5 055	44 472	6 109
April	4 946	736	1 358	216	8 791	1 016	35 159	4 880	41 463	5 832
May	5 082	702	1 417	216	10 159	1 166	38 066	4 963	44 565	5 882
June	4 401	611	1 403	224	9 141	1 034	33 724	4 611	39 528	5 446
July	4 209	569	1 351	192	9 084	1 044	37 027	4 722	42 587	5 483
August	4 212	550	1 396	204	9 327	1 051	39 576	4 927	45 184	5 681
September	3 992	528	1 395	203	9 117	1 045	37 215	4 717	42 602	5 448
October	3 843	507	1 137	182	9 174	1 089	35 976	4 495	40 956	5 183
TREND ESTIMATES										
1999										
August	6 860	938	1 616	239	8 181	914	37 787	5 026	46 263	6 203
September	6 994	966	1 600	241	8 530	955	38 566	5 169	47 160	6 376
October	7 121	993	1 590	243	8 906	998	39 271	5 304	47 982	6 540
November	7 149	1 008	1 585	244	9 191	1 032	39 609	5 391	48 343	6 643
December	7 041	1 002	1 578	245	9 315	1 050	39 522	5 411	48 141	6 657
2000										
January	6 773	970	1 563	243	9 283	1 052	38 971	5 355	47 307	6 568
February	6 358	914	1 537	239	9 165	1 045	38 066	5 235	45 961	6 389
March	5 854	842	1 497	234	9 045	1 037	37 147	5 092	44 498	6 167
April	5 342	764	1 458	227	8 978	1 030	36 543	4 965	43 343	5 957
May	4 903	692	1 416	220	8 973	1 028	36 356	4 870	42 675	5 782
June	4 565	633	1 378	211	8 991	1 028	36 468	4 801	42 411	5 645
July	4 312	585	1 382	205	9 184	1 048	36 916	4 762	42 610	5 552
August	4 118	549	1 348	200	9 196	1 053	37 120	4 721	42 586	5 470
September	3 961	521	1 311	195	9 203	1 059	37 246	4 681	42 518	5 398
October	3 863	502	1 276	191	9 202	1 066	37 309	4 644	42 448	5 337

(a) Excludes alterations and additions.

(b) Includes refinancing.

HOUSING FINANCE COMMITMENTS(a), By Type of Lender

Month	ALL BANKS.....		PERMANENT BUILDING SOCIETIES.....		WHOLESALE LENDERS N.E.C.....		TOTAL OTHER LENDERS(b).....		TOTAL.....	
	no.	\$m	no.	\$m	no.	\$m	no.	\$m	no.	\$m
ORIGINAL										
1999										
August	37 114	5 064	1 855	222	3 515	543	6 173	787	45 142	6 073
September	38 562	5 253	1 987	234	3 906	597	6 690	852	47 239	6 340
October	39 917	5 581	1 856	214	3 619	554	6 262	796	48 035	6 591
November	42 585	5 982	1 993	231	4 739	695	7 778	974	52 356	7 186
December	39 090	5 584	1 626	189	3 703	554	6 473	818	47 189	6 591
2000										
January	30 376	4 372	1 213	133	3 094	441	5 572	669	37 161	5 174
February	39 684	5 655	1 793	208	3 555	526	6 561	800	48 038	6 663
March	41 478	5 825	1 918	225	3 843	587	7 092	896	50 488	6 946
April	30 718	4 365	1 324	156	3 295	492	5 672	728	37 714	5 250
May	41 819	5 618	1 489	174	3 969	573	6 742	852	50 050	6 644
June	33 485	4 629	1 400	162	3 668	551	6 247	809	41 132	5 600
July	31 691	4 151	1 601	176	5 816	764	7 660	939	40 952	5 267
August	36 701	4 749	1 755	199	6 558	880	8 515	1 084	46 971	6 032
September	32 336	4 078	1 651	187	5 403	763	7 277	939	41 264	5 204
October	32 402	4 094	1 588	178	5 333	730	7 167	919	41 157	5 192
SEASONALLY ADJUSTED										
1999										
August	37 457	5 016	1 801	219	n.y.a.	n.y.a.	5 972	758	45 230	5 994
September	38 281	5 240	1 835	219	n.y.a.	n.y.a.	6 438	828	46 554	6 287
October	41 088	5 802	1 888	221	n.y.a.	n.y.a.	6 447	816	49 423	6 839
November	40 146	5 568	1 893	216	n.y.a.	n.y.a.	7 146	899	49 185	6 683
December	39 281	5 542	1 747	195	n.y.a.	n.y.a.	6 753	870	47 781	6 607
2000										
January	38 506	5 508	1 649	181	n.y.a.	n.y.a.	6 872	853	47 027	6 542
February	38 856	5 572	1 637	193	n.y.a.	n.y.a.	6 502	795	46 995	6 560
March	36 544	5 139	1 609	189	n.y.a.	n.y.a.	6 320	782	44 472	6 109
April	33 580	4 842	1 501	179	n.y.a.	n.y.a.	6 381	811	41 463	5 832
May	36 887	4 932	1 392	166	n.y.a.	n.y.a.	6 286	784	44 565	5 882
June	32 043	4 517	1 350	147	n.y.a.	n.y.a.	6 134	783	39 528	5 446
July	33 272	4 343	1 743	194	n.y.a.	n.y.a.	7 572	946	42 587	5 483
August	35 567	4 489	1 582	186	n.y.a.	n.y.a.	8 036	1 006	45 184	5 681
September	33 650	4 317	1 622	184	n.y.a.	n.y.a.	7 331	948	42 602	5 448
October	32 318	4 091	1 557	175	n.y.a.	n.y.a.	7 081	917	40 956	5 183
TREND ESTIMATES										
1999										
August	38 310	5 208	1 797	214	n.y.a.	n.y.a.	6 157	781	46 263	6 203
September	38 949	5 347	1 834	216	n.y.a.	n.y.a.	6 377	812	47 160	6 376
October	39 546	5 487	1 845	215	n.y.a.	n.y.a.	6 591	838	47 982	6 540
November	39 774	5 580	1 825	210	n.y.a.	n.y.a.	6 744	854	48 343	6 643
December	39 565	5 599	1 778	203	n.y.a.	n.y.a.	6 798	855	48 141	6 657
2000										
January	38 853	5 529	1 704	195	n.y.a.	n.y.a.	6 750	844	47 307	6 568
February	37 723	5 379	1 620	186	n.y.a.	n.y.a.	6 617	824	45 961	6 389
March	36 485	5 183	1 546	179	n.y.a.	n.y.a.	6 466	805	44 498	6 167
April	35 497	4 989	1 502	175	n.y.a.	n.y.a.	6 344	792	43 343	5 957
May	34 925	4 820	1 492	173	n.y.a.	n.y.a.	6 258	787	42 675	5 782
June	34 706	4 683	1 510	174	n.y.a.	n.y.a.	6 194	787	42 411	5 645
July	33 366	4 413	1 540	175	n.y.a.	n.y.a.	7 703	964	42 610	5 552
August	33 430	4 333	1 573	178	n.y.a.	n.y.a.	7 584	959	42 586	5 470
September	33 465	4 265	1 597	181	n.y.a.	n.y.a.	7 456	952	42 518	5 398
October	33 500	4 210	1 620	183	n.y.a.	n.y.a.	7 329	943	42 448	5 337

(a) Excludes alterations and additions. Includes refinancing.

(b) 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									
1999									
August	15 665	10 855	7 054	3 419	5 849	859	531	910	45 142
September	16 397	11 377	7 615	3 545	5 869	888	599	949	47 239
October	16 735	11 386	7 584	3 708	6 271	869	495	987	48 035
November	18 188	12 231	8 159	4 310	6 873	923	541	1 131	52 356
December	15 813	11 652	7 581	3 924	6 024	774	477	944	47 189
2000									
January	11 860	8 962	6 136	3 154	5 214	634	420	781	37 161
February	15 633	11 184	8 200	3 976	6 619	850	527	1 049	48 038
March	16 965	11 558	8 545	4 236	6 715	880	562	1 027	50 488
April	13 092	8 681	6 014	3 099	4 888	751	397	792	37 714
May	17 157	12 592	7 484	4 003	6 339	1 135	435	905	50 050
June	14 508	9 352	6 401	3 510	5 290	946	332	793	41 132
July	13 550	9 305	7 079	3 537	5 396	1 101	307	677	40 952
August	15 502	10 911	7 913	4 079	6 254	1 147	405	760	46 971
September	13 813	9 368	6 951	3 704	5 448	948	343	689	41 264
October	13 375	9 685	7 133	3 629	5 237	1 064	361	673	41 157
SEASONALLY ADJUSTED(b)									
1999									
August	15 665	10 839	7 243	3 587	6 004	832	550	903	45 230
September	15 720	11 275	7 255	3 649	5 997	881	547	916	46 554
October	17 569	11 660	7 733	3 977	6 341	908	552	1 002	49 423
November	17 192	11 834	7 851	3 959	6 570	885	502	1 112	49 185
December	16 719	11 566	7 810	3 764	6 192	794	451	942	47 781
2000									
January	15 929	11 309	7 518	3 840	6 081	762	527	953	47 027
February	15 733	11 005	7 759	3 836	6 268	838	480	954	46 995
March	14 788	10 471	7 307	3 671	5 948	794	452	881	44 472
April	14 198	9 348	6 403	3 367	5 272	790	432	901	41 463
May	14 814	11 361	7 179	3 707	5 579	982	423	857	44 565
June	13 607	8 690	6 509	3 239	5 400	978	350	790	39 528
July	13 642	9 719	7 193	3 747	5 621	1 134	347	733	42 587
August	14 968	10 482	7 716	4 176	6 142	1 049	383	724	45 184
September	13 893	9 634	7 018	3 968	5 757	1 015	351	661	42 602
October	13 578	9 558	7 141	3 722	5 189	1 062	383	678	40 956
TREND ESTIMATES(b)									
1999									
August	16 027	10 972	7 336	3 617	6 040	854	545	922	46 263
September	16 399	11 232	7 474	3 736	6 147	862	540	958	47 160
October	16 701	11 500	7 623	3 832	6 249	862	530	985	47 982
November	16 788	11 599	7 724	3 878	6 312	848	516	998	48 343
December	16 615	11 522	7 739	3 878	6 303	825	502	995	48 141
2000									
January	16 197	11 279	7 638	3 825	6 197	803	489	975	47 307
February	15 602	10 913	7 427	3 727	6 009	798	473	945	45 961
March	15 002	10 522	7 186	3 621	5 803	821	453	911	44 498
April	14 544	10 194	7 006	3 559	5 655	871	429	874	43 343
May	14 285	9 981	6 939	3 566	5 597	932	404	837	42 675
June	14 153	9 870	6 974	3 628	5 602	988	383	796	42 411
July	14 081	9 817	7 063	3 721	5 633	1 029	370	755	42 610
August	14 020	9 778	7 157	3 815	5 657	1 056	363	717	42 586
September	13 963	9 746	7 231	3 891	5 654	1 073	360	686	42 518
October	13 907	9 733	7 302	3 950	5 646	1 080	360	660	42 448

(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									
1999									
August	2 572	1 397	849	331	687	68	56	113	6 073
September	2 652	1 475	924	349	688	69	63	120	6 340
October	2 768	1 534	927	370	744	67	53	129	6 591
November	3 026	1 639	1 001	422	818	76	60	145	7 186
December	2 672	1 592	941	390	747	67	52	130	6 591
2000									
January	2 010	1 242	770	313	640	53	47	99	5 174
February	2 609	1 498	1 055	398	831	71	64	136	6 663
March	2 842	1 554	1 044	417	815	73	65	137	6 946
April	2 229	1 172	737	309	588	61	48	106	5 250
May	2 772	1 622	874	401	726	87	44	118	6 644
June	2 386	1 250	793	354	615	71	31	101	5 600
July	2 129	1 165	809	332	631	81	34	86	5 267
August	2 444	1 367	910	383	696	86	47	98	6 032
September	2 120	1 166	781	347	600	71	36	84	5 204
October	2 033	1 203	812	345	599	79	40	81	5 192
SEASONALLY ADJUSTED(b)									
1999									
August	2 551	1 397	849	348	700	65	55	114	5 994
September	2 600	1 466	880	361	719	69	58	118	6 287
October	2 894	1 573	950	394	766	70	57	130	6 839
November	2 816	1 575	938	380	769	71	57	130	6 683
December	2 768	1 550	953	366	747	66	51	124	6 607
2000									
January	2 713	1 524	927	381	751	63	61	119	6 542
February	2 656	1 510	1 010	382	776	69	55	128	6 560
March	2 492	1 390	911	362	709	65	52	119	6 109
April	2 407	1 307	818	340	647	68	52	122	5 832
May	2 402	1 458	857	365	639	75	44	110	5 882
June	2 232	1 152	794	340	633	77	31	103	5 446
July	2 166	1 214	817	355	666	82	40	97	5 483
August	2 336	1 335	867	396	671	81	42	96	5 681
September	2 165	1 203	789	373	664	75	37	82	5 448
October	2 051	1 186	811	348	595	78	40	79	5 183
TREND ESTIMATES(b)									
1999									
August	2 600	1 427	876	352	714	68	57	116	6 203
September	2 682	1 475	896	365	730	68	56	120	6 376
October	2 751	1 523	920	375	746	68	56	123	6 540
November	2 785	1 550	942	380	759	68	57	126	6 643
December	2 775	1 551	955	380	763	67	57	127	6 657
2000									
January	2 721	1 527	953	377	754	66	56	126	6 568
February	2 630	1 479	934	369	732	66	55	124	6 389
March	2 527	1 421	905	362	704	67	52	121	6 167
April	2 432	1 365	873	357	678	70	48	117	5 957
May	2 356	1 318	847	356	661	73	44	112	5 782
June	2 295	1 283	829	358	652	76	41	105	5 645
July	2 245	1 256	820	362	649	78	39	98	5 552
August	2 200	1 235	816	366	647	79	38	92	5 470
September	2 159	1 218	814	368	643	80	38	86	5 398
October	2 124	1 204	814	369	640	80	38	81	5 337

(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>
1999							
August	5 130	944	258	6 332	5 117	459	15 228
September	5 388	951	283	6 623	5 415	494	15 954
October	5 606	985	375	6 966	5 401	538	16 974
November	6 075	1 111	292	7 478	6 102	638	17 682
December	5 591	1 000	264	6 856	6 408	491	17 479
2000							
January	4 375	799	213	5 386	4 795	416	17 647
February	5 602	1 062	284	6 947	5 091	592	18 871
March	5 776	1 170	306	7 252	5 476	542	20 040
April	4 366	883	223	5 473	5 148	924	19 448
May	5 372	1 273	311	6 955	6 308	603	19 487
June	4 419	1 182	264	5 864	6 204	1 096	17 977
July	4 227	1 040	226	5 493	4 398	1 132	18 103
August	4 894	1 138	243	6 275	5 471	1 124	17 787
September	4 191	1 013	223	5 427	5 133	1 075	16 974
October	4 130	1 062	239	5 431	5 726	1 110	15 581

(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						
1999						
August	6 308	431	1 104	1 636	8 375	45 142
September	6 301	507	1 192	1 782	8 590	47 239
October	6 692	465	1 212	1 748	8 905	48 035
November	7 222	460	1 708	2 387	10 069	52 356
December	6 473	353	1 374	2 042	8 868	47 189
2000						
January	5 228	274	1 008	1 588	7 090	37 161
February	6 999	412	1 226	1 884	9 295	48 038
March	7 429	474	1 391	2 110	10 013	50 488
April	5 635	344	1 145	1 698	7 677	37 714
May	8 359	442	1 565	2 233	11 034	50 050
June	7 596	419	1 500	2 194	10 209	41 132
July	6 413	338	1 778	2 374	9 125	40 952
August	7 357	366	1 855	2 388	10 111	46 971
September	6 500	292	1 564	2 089	8 881	41 264
October	6 658	339	1 671	2 165	9 162	41 157

VALUE (\$ million)

1999						
August	700	42	159	201	944	6 073
September	693	54	162	205	951	6 340
October	732	47	164	205	985	6 591
November	778	48	230	286	1 111	7 186
December	719	38	186	243	1 000	6 591
2000						
January	599	28	127	171	799	5 174
February	802	43	162	217	1 062	6 663
March	859	52	195	259	1 170	6 946
April	640	38	155	205	883	5 250
May	957	50	204	266	1 273	6 644
June	869	45	206	268	1 182	5 600
July	735	36	226	269	1 040	5 267
August	810	40	243	288	1 138	6 032
September	726	33	213	254	1 013	5 204
October	757	37	224	268	1 062	5 192

AVERAGE BORROWING SIZE (\$ '000)

1999						
August	111.0	97.4	143.6	123.1	112.7	134.5
September	110.0	105.6	135.6	114.8	110.7	134.2
October	109.4	101.8	135.3	117.5	110.6	137.2
November	107.7	104.8	134.8	119.6	110.4	137.3
December	111.1	106.6	135.0	119.1	112.7	139.7
2000						
January	114.6	103.4	125.7	107.9	112.6	139.2
February	114.6	105.0	132.4	114.9	114.2	138.7
March	115.6	109.3	140.3	123.0	116.8	137.6
April	113.7	111.1	135.5	120.5	115.0	139.2
May	114.4	113.6	130.5	119.0	115.3	132.7
June	114.4	107.6	137.5	121.9	115.7	136.1
July	114.7	106.1	126.9	113.2	114.0	128.6
August	110.1	108.5	130.9	120.7	112.5	128.4
September	111.6	113.8	136.0	121.6	114.1	126.1
October	113.6	109.9	134.2	124.0	115.9	126.1

(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
1999							
August	9 774	21.7	128.7	4 228	9.4	125.7	134.5
September	10 448	22.1	129.7	4 192	8.9	125.7	134.2
October	10 147	21.1	131.9	4 091	8.5	125.6	137.2
November	10 819	20.7	134.2	4 005	7.6	125.5	137.3
December	10 264	21.8	134.7	3 719	7.9	122.8	139.7
2000							
January	7 938	21.4	135.4	4 200	11.3	127.2	139.2
February	10 594	22.1	137.5	5 238	10.9	127.8	138.7
March	10 153	20.1	133.9	4 213	8.3	122.9	137.6
April	7 200	19.1	135.3	2 966	7.9	120.8	139.2
May	8 410	16.8	131.8	6 034	12.1	123.6	132.7
June	6 039	14.7	137.4	3 947	9.6	123.2	136.1
July	10 343	25.3	120.5	3 514	8.6	108.6	128.6
August	12 019	25.6	118.4	5 802	12.4	110.4	128.4
September	9 961	24.1	116.5	5 940	14.4	109.9	126.1
October	9 038	22.0	115.2	6 877	16.7	111.8	126.1

(a) Excludes alterations and additions. Includes refinancing.

HOUSING FINANCE COMMITMENTS, By Purpose and State-Original

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	Australian Capital Territory	Australia
Month	no.	no.	no.	no.	no.	no.	no.	no.	no.
CONSTRUCTION OF DWELLINGS									
1999									
August	1 742	2 104	1 332	508	1 077	72	64	78	6 977
September	1 907	2 121	1 312	476	1 077	79	72	95	7 139
October	1 738	2 172	1 331	492	1 164	85	55	86	7 123
November	1 961	2 334	1 182	564	1 286	120	56	118	7 621
December	1 606	2 073	1 215	505	1 068	68	37	83	6 655
2000									
January	1 281	1 593	977	415	820	56	33	70	5 245
February	1 775	2 101	1 306	517	923	84	47	102	6 855
March	1 671	1 980	1 268	475	919	91	45	82	6 531
April	1 216	1 372	875	285	636	98	30	76	4 588
May	1 453	1 875	936	375	875	127	32	93	5 766
June	1 171	1 406	720	336	693	104	21	57	4 508
July	964	1 174	572	323	731	65	17	56	3 902
August	1 016	1 394	776	333	909	61	21	73	4 583
September	942	1 246	685	315	734	74	25	35	4 056
October	885	1 214	708	301	665	78	18	46	3 915
PURCHASE OF NEWLY ERECTED DWELLINGS									
1999									
August	521	437	279	121	139	15	24	21	1 557
September	531	498	280	93	134	16	29	40	1 621
October	516	538	294	96	176	18	16	42	1 696
November	587	466	300	104	143	19	22	37	1 678
December	441	419	275	94	143	12	8	34	1 426
2000									
January	358	355	252	71	164	22	22	23	1 267
February	515	497	344	87	191	24	18	29	1 705
March	523	477	332	83	157	21	24	42	1 659
April	395	346	217	73	105	20	14	22	1 192
May	456	512	279	75	144	35	11	29	1 541
June	404	361	342	94	264	32	6	38	1 541
July	392	396	245	106	89	36	7	25	1 296
August	468	453	270	95	126	20	11	31	1 474
September	431	436	231	87	105	15	19	23	1 347
October	353	420	206	88	79	17	10	27	1 200
PURCHASE OF ESTABLISHED DWELLINGS(a)									
1999									
August	13 402	8 314	5 443	2 790	4 633	772	443	811	36 608
September	13 959	8 758	6 023	2 976	4 658	793	498	814	38 479
October	14 481	8 676	5 959	3 120	4 931	766	424	859	39 216
November	15 640	9 431	6 677	3 642	5 444	784	463	976	43 057
December	13 766	9 160	6 091	3 325	4 813	694	432	827	39 108
2000									
January	10 221	7 014	4 907	2 668	4 230	556	365	688	30 649
February	13 343	8 586	6 550	3 372	5 505	742	462	918	39 478
March	14 771	9 101	6 945	3 678	5 639	768	493	903	42 298
April	11 481	6 963	4 922	2 741	4 147	633	353	694	31 934
May	15 248	10 205	6 269	3 553	5 320	973	392	783	42 743
June	12 933	7 585	5 339	3 080	4 333	810	305	698	35 083
July	12 194	7 735	6 262	3 108	4 576	1 000	283	596	35 754
August	14 018	9 064	6 867	3 651	5 219	1 066	373	656	40 914
September	12 440	7 686	6 035	3 302	4 609	859	299	631	35 861
October	12 137	8 051	6 219	3 240	4 493	969	333	600	36 042

(a) Includes refinancing.

HOUSING FINANCE COMMITMENTS(a), By State—Original: October 2000

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	885	353	3 197	12 137	13 375	10 178
Victoria	1 214	420	2 058	8 051	9 685	7 627
Queensland	708	206	1 466	6 219	7 133	5 667
South Australia	301	88	717	3 240	3 629	2 912
Western Australia	665	79	1 306	4 493	5 237	3 931
Tasmania	78	17	233	969	1 064	831
Northern Territory	18	10	89	333	361	272
Australian Capital Territory	46	27	96	600	673	577
Australia	3 915	1 200	9 162	36 042	41 157	31 995
VALUE (\$ million)						
New South Wales	147	69	455	1 817	2 033	1 578
Victoria	151	59	224	994	1 203	980
Queensland	91	28	155	693	812	657
South Australia	34	9	61	302	345	284
Western Australia	81	10	131	508	599	468
Tasmania	7	1	17	70	79	61
Northern Territory	2	2	10	36	40	30
Australian Capital Territory	8	4	9	69	81	71
Australia	521	182	1 062	4 489	5 192	4 130
AVERAGE BORROWING SIZE (\$'000)						
New South Wales	165.7	196.2	142.3	149.7	152.0	155.1
Victoria	124.2	139.6	108.7	123.5	124.3	128.5
Queensland	129.0	136.6	106.1	111.4	113.9	115.9
South Australia	113.9	106.1	85.4	93.1	95.1	97.5
Western Australia	121.3	122.8	100.1	113.1	114.3	119.1
Tasmania	89.2	76.8	74.2	72.6	73.9	73.8
Northern Territory	138.2	169.2	108.1	106.7	110.0	110.7
Australian Capital Territory	164.1	147.9	98.8	115.1	119.8	123.3
Australia	133.0	151.7	115.9	124.6	126.1	129.1

(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 July 2000, the collection covers all commitments by banks and permanent building societies, all other lenders providing funds of more than \$187 million in 1999, 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 (table 7).

14 An information paper detailing the introduction of Wholesale Lenders n.e.c. can be obtained from the Financial Surveys section of the ABS.

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.
- 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.
- UNPUBLISHED DATA **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 unpublished 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 National Information 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 at 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

GLOSSARY

Alterations and additions	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.
Average borrowing	Average borrowing is calculated as follows: $\frac{\text{Total value of lending commitments per month}}{\text{Total number of dwellings financed per month}}$ 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.
Commitment	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.
Commitments not advanced	Commitments not advanced at the end of the period are calculated as follows: $\begin{aligned} & \text{Balance of unadvanced commitments at the end of the previous period} \\ + & \text{ Total new housing commitments (including refinancing)} \\ + & \text{ Alterations and additions} \\ \hline = & \text{ Total commitments} \\ - & \text{ Cancellations of commitments} \\ - & \text{ Commitments advanced during the period} \\ \hline = & \text{ Commitments not advanced at the end of the period} \end{aligned}$
Commitment value	The commitment value for a contract of sale is the dwelling's sale value less any deposit.
Construction of dwellings	Construction of dwellings represents commitments made to individuals to finance, by way of progress payments, the construction of owner occupied dwellings.
Dwelling	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.
Dwelling units	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.
Established dwelling	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.
First home buyers	First home buyers are persons entering the home ownership market for the first time.
Fixed rate loan	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

- 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.

HOUSING FINANCE—WHOLESALE LENDING REPORTING CHANGES

INTRODUCTION

Commencing with the October 2000 issue, statistics on wholesale lending through a retail intermediary have been compiled from information reported directly by those wholesale lenders not elsewhere classified providing the finance. In previous issues, mortgage managers reported this information. To reflect this change, the series in tables 2 and 6 have been renamed from Mortgage Managers to Wholesale Lenders n.e.c.

Changing the reporting unit to wholesale lenders has not changed the scope of the collection. However, this change has been accompanied by:

- improved coverage of the lending by these institutions;
- the reclassification of some lending to Wholesale Lenders n.e.c. which had been previously misclassified to Banks and Other Lenders (excluding wholesale lenders); and
- the resolution of double counting of lending previously reported by both banks and mortgage managers.

These revisions, which are largely offsetting, have been backcast to July 2000, increasing the level of total housing finance commitments in that month by a net \$11 million. However, the gross revisions to the affected series are much larger, with improved coverage and reclassification increasing the Wholesale Lenders n.e.c. series by \$249 million in July 2000, and reclassification and the removal of double counting reducing the Banks series by \$173 million. The number of commitments by type of lender, and therefore the average value of commitments by lender, have also been significantly revised.

The cancellation rate (measured by cancellations as a percentage of finance commitments) is also much reduced for Wholesale Lenders n.e.c. compared with Mortgage Managers, indicating that wholesale lenders' reported commitments are more likely to be ultimately advanced.

Wholesale lenders, like mortgage managers, are generally unable to report accurate first home buyer information. Therefore a new and improved methodology has been applied to the First Home Buyers series. The background to, and significance of, these changes and the associated reduction in the reporting load on lenders are discussed below.

BACKGROUND TO THE CHANGED REPORTING UNIT

Traditionally, housing finance has been mostly provided by banks, permanent building societies and credit unions. These institutions dealt directly with borrowers, lending funds from the institutions' own balance sheets, financed primarily by deposits, and managing the on-going relationship with borrowers for the term of the loan.

Over the past decade an alternative method of providing housing finance has become more accessible to borrowers, in which the retail and the wholesale functions of providing finance are separated. The retail function involves arranging for finance to be provided to the borrower (e.g. valuing the property, insuring the mortgage, etc.), and then in many cases managing the on-going relationship with the borrower.

The wholesale function involves providing the finance. The legal lender of the funds, the wholesale lender, generally sources its funds by selling mortgage-backed securities (a process known as securitisation).

BACKGROUND TO THE CHANGED
REPORTING UNIT *continued*

The publication *Housing Finance for Owner Occupation, Australia* (Cat. no. 5609.0) defines mortgage managers as the entities undertaking the retail functions of housing finance provision. Mortgage managers previously reported to both the Housing and Personal Finance collections as proxies for the legal lenders of the funds (wholesale lenders). The Mortgage Managers series appears in this publication as a separate lender type from July 1995.

The proxy reporting arrangement of mortgage managers for wholesale lenders gave an adequate measure of lending for housing finance while there were relatively few mortgage managers working exclusively with one of a few wholesale lenders. However, such simple relationships between mortgage managers and wholesale lenders no longer exist, with a large number of mortgage managers now sourcing their funds both from a range of specialist wholesale lenders (typically securitisation vehicles), and from banks themselves which may lend in the traditional way, as well as undertake wholesale lending through a network of funding retailers.

WHOLESALE LENDERS N.E.C.

A wholesale lender, the new reporting unit, provides funds to borrowers through a retail intermediary which is responsible for the ongoing relationship with the borrower. The Wholesale Lenders n.e.c. series almost exclusively comprises securitisation vehicles established to issue mortgage-backed securities.

Commitments by a bank or permanent building society (PBS) acting as a wholesale lender continue to be published in the Banks (or PBS) series if the bank or PBS is identified as the legal lender on the loan contract.

EFFECT ON PUBLISHED ESTIMATES

Lender type estimates: The net effect of the changed reporting unit and the associated increased coverage, along with the reclassification of some lending and the resolution of double counting, has been:

- a decrease for Banks of \$173 million in July 2000, with similar decreases in August and September;
- an increase for Wholesale Lenders n.e.c. of \$249 million in July, with comparable upward revisions to the next two months; leading to
- an increase of \$183 million in July for Other Lenders (including Wholesale Lenders n.e.c.), where some lending was reclassified from Other Lenders (excluding wholesale lenders) to Wholesale Lenders n.e.c.

The net effect in July 2000 of the changed reporting unit on the number of commitments has been:

- negligible for the aggregate series of total commitments (up just 184 commitments or 0.5%); and
- revised more significantly than the value of commitments for type of lender, resulting in the average borrowing size through Mortgage Managers of \$150,700 in July being revised down to \$131,400 for Wholesale Lenders n.e.c. in July.

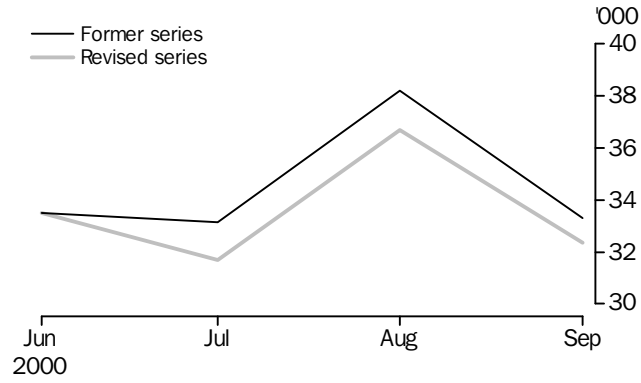
Trend breaks have been applied at July 2000 to the affected Banks and Other Lenders series. The Wholesale Lenders n.e.c. series is not seasonally adjusted.

State and Territory estimates: The net effect of the change on all State and Territory estimates has been negligible.

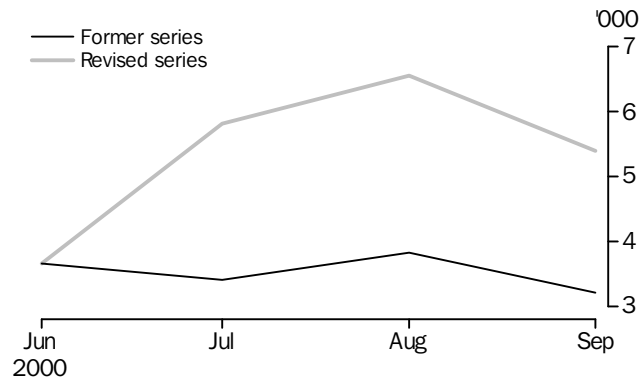
EFFECT ON PUBLISHED ESTIMATES
continued

Graphs 1–3 below illustrate the impact, in original terms, of the changes on the Banks series, the Wholesale Lenders n.e.c. series and the Total series.

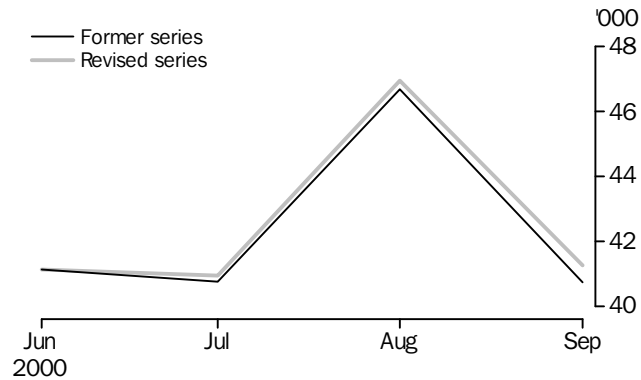
1 COMPARISON OF BANKS SERIES, Number of Commitments



2 COMPARISON OF WHOLESALE LENDERS N.E.C. SERIES, Number of Commitments



3 COMPARISON OF TOTAL SERIES, Number of Commitments



EFFECT ON PUBLISHED ESTIMATES
continued

First home buyers: Wholesale lenders are generally unable to provide accurate information on commitments to first home buyers (FHBs). The average percentage of First Home Buyers commitments over the course of 1999 was 21.4% for all lenders. Banks and building societies together reported a FHB percentage of 22.2%, while the percentage for mortgage managers was just 8.7% (table 1), supporting the anecdotal evidence that mortgage managers' FHB reporting was inaccurate and understated.

TABLE 1: COMMITMENTS TO FIRST HOME BUYERS IN 1999

	<i>Commitments to First Home Buyers</i>	<i>Total Commitments</i>	<i>Percentage of First Home Buyers</i>
Banks/Permanent Building Societies	103 849	467 401	22.2
Mortgage Managers	3 626	41 401	8.7
Other Lenders (excl. Mortgage Managers)	7 972	30 907	25.8
Total	115 447	540 208	21.4

With the introduction of the Wholesale Lenders n.e.c. series from July 2000, the percentage of First Home Buyers commitments by banks and building societies is applied to wholesale lenders total commitments. As a result, the percentage of First Home Buyers commitments has been revised upwards by 0.8 percentage points in July 2000.

Cancellation rate: There is reason to believe that the interpretation of a commitment to lend used by mortgage managers has been somewhat broader than that applied by banks and permanent building societies, resulting in a high cancellation rate (calculated by dividing cancellations by the value of commitments).

Replacing Mortgage Managers with Wholesale Lenders n.e.c. from July 2000 has reduced the cancellation rate. For the September 2000 quarter, the Mortgage Managers' cancellation rate was 17.1%, compared with 9.4% for Wholesale Lenders n.e.c. over the same period. The reduced cancellation rate will enhance the usefulness of the published statistics as a greater percentage of reported commitments will be ultimately advanced.

REDUCED REPORTING LOAD

Apart from the coverage, classification and measurement improvements achieved from introducing the Wholesale Lenders n.e.c. series, there will no longer be the need for the ABS to maintain annual coverage contact with, nor collect monthly statistics from, the increasing number of mortgage managers. A smaller number of wholesale lenders can report lending commitments which may have been arranged by a much larger number of mortgage managers, reducing the total load placed on all lenders.

FOR MORE INFORMATION...

- 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.
- LIBRARY* A range of ABS publications is available from public and tertiary libraries Australia-wide. Contact your nearest library to determine whether it has the ABS statistics you require, or visit our web site for a list of libraries.
- CPI INFOLINE* For current and historical Consumer Price Index data, call 1902 981 074 (call cost 77c per minute).
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2560900011004
ISSN 1031-0320

RRP \$18.00

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