

FINANCIAL REGULATORY FRAMEWORK AND HOME OWNERSHIP
SUBMISSION TO THE SENATE ECONOMICS REFERENCES COMMITTEE

September 2024

INTRODUCTION

1. ANZ thanks the Senate Economics References Committee for the opportunity to contribute to the Committee's inquiry into the Financial Regulatory Framework and Home Ownership.
2. A core part of ANZ's purpose is to help improve the availability of suitable and affordable housing options for Australians and New Zealanders. To support this, we have set a target to fund and facilitate \$10 billion of investment by 2030 to deliver more affordable, accessible and sustainable homes to buy and rent in Australia and New Zealand.¹ From October 2018 to March 2024, we have funded and facilitated \$5.78 billion to support the delivery of more affordable, accessible and sustainable homes.²
3. ANZ also plays a role in supporting the development of housing policy through our partnership with CoreLogic to provide housing affordability research and in-depth market analysis for the Australian housing market. The ANZ CoreLogic Housing Affordability Report (**CoreLogic Report**) is released bi-annually.

DETAILED POINTS

Housing market

4. The CoreLogic Report sets out trends in housing affordability.³ The CoreLogic Report finds that buyers need 50.3% (as at June 2024) of a median gross household income to service a new loan on the median dwelling value.⁴ This is well above the previous decade average of 35.2% (as at June 2024).⁵
5. The CoreLogic Report also notes that the ongoing rise in the amount required for a house deposit presents an additional challenge for first home buyers.⁶ Nationally, the CoreLogic Report estimates it would take 10.6 years (as at June 2024) for a median gross income household to save a 20% deposit, assuming a savings rate of 15% per annum.⁷ In reality, the CoreLogic Report notes the national household savings rate

¹ [ANZ 2024 Half Year Results, half year ended 31 March 2024](#), page 137.

² Ibid.

³ Affordability metrics are compiled using modelled income data from the Australian National University Centre for Social Research and Methods.

⁴ [ANZ CoreLogic Housing Affordability Report, September 2024](#), page 16.

⁵ Ibid.

⁶ [ANZ CoreLogic Housing Affordability Report, April 2024](#), page 14.

⁷ [ANZ CoreLogic Housing Affordability Report, September 2024](#), page 15.

decreased to 3.2% in the December quarter of 2023, amid rapid increases in the price of goods and services, including rents.⁸

6. The portion of gross income required to service rents hit a record high of 33% in June 2024, according to the CoreLogic Report,⁹ making saving for a deposit even harder. The increased challenges in saving for a deposit mean that first home buyers are more likely to buy with a low deposit, increasing their interest costs.¹⁰

Housing demand

7. While the incidence of home ownership in Australia reflects many factors, the main demand-side factor that banks engage with is the availability of credit. Housing credit supply in the Australian market continues to grow. The Australian Bureau of Statistics (**ABS**) reported a total amount of \$30.58 billion in housing loan commitments in July 2024, a 26.5% increase from the prior year.¹¹ While this growth is likely to reflect higher house prices, it also reflects a higher number of new loan commitments.¹² ANZ's home lending has also been growing. The balance of ANZ's home loan book was \$314 billion at March 2024, a 7% increase from the previous year.¹³
8. While credit for housing is growing, the composition of our customers is changing. We have seen that, over time, the average gross income of ANZ's home loan customers has increased to a greater degree than Australian average gross household incomes.¹⁴ A combination of factors could be driving this, including increases in house prices relative to income, ANZ's commercial strategy to focus on market segments, and/or other factors such as the serviceability assessments that we conduct before we lend.
9. Building on this, we are conscious that the impact over time of regulation and bank caution, among other factors, is relevant to the amount of credit that is available to some people. Bank mortgage lending is a highly regulated activity. The banking system and people accessing credit from the banks have become safer over time due to a range of initiatives, including the banks themselves. ANZ continually reviews its lending practices to make sure we are providing credit where we can. This is aligned with our

⁸ [ANZ CoreLogic Housing Affordability Report April 2024](#), page 14.

⁹ [ANZ CoreLogic Housing Affordability Report September 2024](#), page 17.

¹⁰ [ANZ CoreLogic Housing Affordability Report April 2024](#), page 2.

¹¹ Australian Bureau of Statistics (July 2024), [Lending indicators](#), ABS Website, accessed 25 September 2024.

¹² Ibid.

¹³ [ANZ 2024 Half Year Results, half year ended 31 March 2024, page 103](#).

¹⁴ Australian average gross household incomes provided by the Australian Bureau of Statistics (2019-20), [Household Income and Wealth, Australia](#), ABS Website, accessed 25 September 2024.

purpose of helping improve the availability of suitable and affordable housing options for all Australians.

Housing supply

10. Housing supply is a key part of the housing affordability equation. We are one of the largest lenders to the Australian property sector that builds homes across the housing continuum and the nation.
11. We have a long history of supporting our development and builder customers to deliver housing. Our lending appetite remains strong as we continue to work with our customers to support the delivery of new homes, whether it be facilitating the purchase of land, development funding for single family homes or backing multi-unit residential apartments. We are also a leading lender into housing opportunities for seniors including land lease communities, retirement villages and aged care.
12. In addition to lending to the main market, ANZ's target to fund and facilitate \$10 billion of investment by 2030 is focused on delivering more new housing supply to market that is more affordable, accessible, and sustainable.¹⁵
13. In a recent example, ANZ provided debt financing alongside Northern Australia Infrastructure Facility, along with upfront capital grants from the Queensland Government and Housing Australia to support the consortium in delivering the Cairns Seniors Wellbeing and Downsizing initiative. The project will deliver 490 homes and is Queensland's largest social and affordable housing precinct. Once completed, these will be allocated to people over the age of 55, as well as those living with a disability.
14. In another project ANZ provided financing to the Ground Lease Model 2 Project, a public/private partnership between the Victorian state government and the Building Communities Consortium. This project is expected to deliver 1,370 new social, affordable, specialist disability and market rental residential dwellings across four project sites in Victoria.

ENDS

¹⁵ [ANZ 2024 Half Year Results, half year ended 31 March 2024](#), page 137.