



ABS Data Confirms Migration

Australian capital cities have witnessed the biggest loss of people into the regions on record.

The ABS has confirmed the Exodus to Affordable Lifestyle trend with the release of quarterly figures showing the movement of people around Australia.

Economists are calling the escape to the regions a “stampede” and overwhelmed real estate agents are calling the demand on regional properties a boom. CoreLogic data shows regional home prices, on average, rose 8% over the year to January - the biggest jump in 16 years.

The ABS data shows capital cities saw their biggest quarterly loss of people from internal migration on record, with 11,247 people leaving capital cities and moving to regional areas.

Sydney had a net loss of 4,700 people to the rest of the state, building on the 3,700 from the previous quarter. Melbourne also had a net loss of 4,700 people to the rest of the state. Brisbane went against the trend with a net gain of 230 people from the rest of the state, while Perth had a net gain of 710.



RBA Won't Act On House Prices

RBA governor Phillip Lowe has said the Reserve Bank is not responsible for targeting house prices, after questions were raised about the creation of a boom market against the backdrop of low interest rates.

“The RBA does not, and should not, target housing prices - instead, our focus is on the lending that is used to purchase housing,” Phillip Lowe said in front of parliament’s standing committee on economics.

Questioned about the point at which the RBA will act to prevent the creation of “unsustainable prices”, Lowe said the issue for the central bank would be if people didn’t borrow sensibly.

“We shouldn’t try to control asset prices,” he said. “What we can influence is how much borrowing happens on the back of those rising prices. We would be concerned if there were to be a deterioration in these standards, but there are few signs of this at the moment.”

Last week, the RBA confirmed that it will keep the cash rate at 0.1% and revealed that the interest rate will likely remain at a record low until 2024 at least.



Banks Back New Lending Laws

The big banks claim the planned rollback of responsible lending laws will help customers, saying it will lead to faster loan approvals by cutting the amount of detail consumers must provide on their living expenses.

The Federal Government is proposing changes that would mean banks are no longer subject to responsible lending obligations. It says it will make it faster for consumers to access credit, while borrowers will still be protected through other regulations on banks and redress schemes.

Commonwealth Bank, Westpac and National Australia Bank have backed the changes, saying they will remove barriers to credit.

NAB says it will continue to assess if customers can repay their loans without falling into hardship. It says lending currently is being slowed down by requirements for banks to collect too much information about customers' living expenses.

CBA says banks are currently asking for information that customers find "burdensome" to provide, but the data does not provide a useful guide on a customer's ability to repay a loan.

Loan Deferrals Dropping Steadily

New figures show that households and small to medium enterprises (SMEs) are steadily moving back to making repayments on their loans after using pandemic emergency measures to defer them.

The Australian Prudential Regulation Authority says only 2.3% of housing and SME loans were subject to repayment deferral at the end of November. At the height of the pandemic crisis the figure was over 10%.

Deferrals peaked in May at more than 12% of all housing loans but stood at only 2.8% by the end of November.

Even more remarkable have been SME loans: in May SME deferrals peaked at 17.5% of loans but have improved markedly since September to only 2.4% by the end of November.

Those figures were accompanied by a jump in housing approvals since June of 40%, with total approvals at 17,205 in November and figures for the year totalling almost 170,000.

"Who would have thought just a few months ago that we'd see figures at that level," says independent economist Saul Eslake.