ANZ property tax changes hit mortgage demand

MELBOURNE: ANZ Group flags a slowdown in mortgage demand after Australia's tax changes, joining larger rivals in signalling softer housing activity, even as higher lending volumes and improved margins lift its quarterly cash profit.

The bank, with the lowest mortgage market share of the four major Australian banks, said mortgage application values were broadly unchanged from the previous quarter, supported by its participation in an Australian government scheme that helps buyers purchase a property with a deposit as low as 5%.

Excluding the impact of the scheme introduced in late March, mortgage application values fell 5% from the second quarter (2Q) and were down 12% between the federal budget announcement and end-July, pointing to weaker housing demand.

The decline adds to signs of a slowdown in housing activity following the government's decision to scrap tax concessions for property investors, a move that has weighed on demand in a market that remains a key earnings driver for Australia's major lenders.

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ANZ reported 1% growth in its 3Q cash profit from the average of the prior two quarters to A$1.9bil (US$1.34bil).

Commonwealth Bank of Australia, the country's top lender, said mortgage applications had dropped 15% since property tax changes in May, while the No 3 bank, Westpac, reported a 20% fall in mortgage applications and forecast investor housing credit growth to halve next year. Australia's top four banks control more than 70% of the national mortgage market. — Reuters