

18 December 2006

RATES UP, NEW HOME SALES DOWN

As surely as interest rates went up in November, so it was that new home sales came down.

HIA's New Home Sales figures released today show that the sale of new homes and units among Australia's largest builders and developers fell by 5.3 per cent in November to 7,097 dwellings.

Private detached house sales dropped by 7.5 per cent reflecting falls in the resource poor states of New South Wales and Victoria. Sales of multi-units increased by 8.8 per cent after a 16 per cent fall in October.

Australia's peak building industry body, HIA, said that the November result was, unfortunately, hardly a surprise.

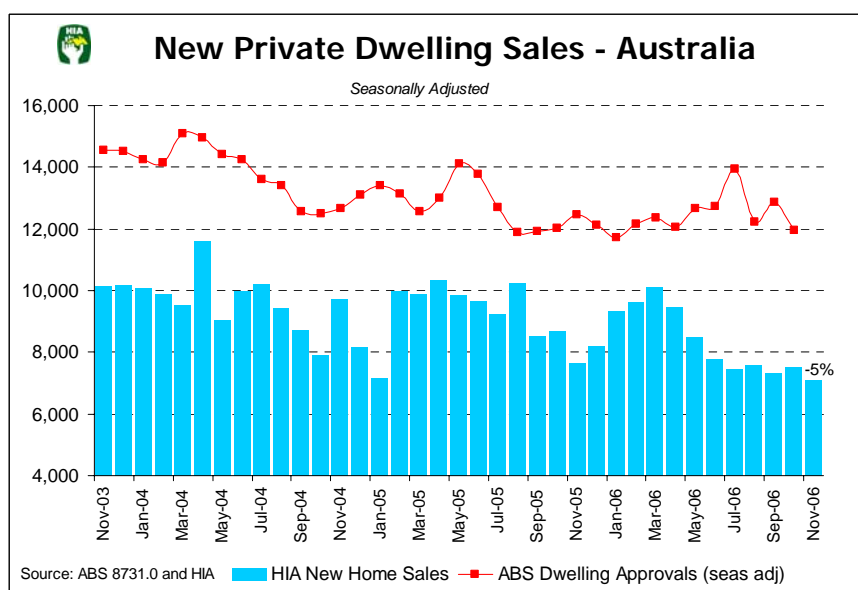
HIA Chief Economist, Mr Harley Dale, said that private detached house sales were now at their lowest level since December 2000.

"New home sales have well and truly had their wings clipped in 2006 as demand for new housing has suffered a second wave of weakness at the hands of a fresh set of rate rises," Mr Dale said.

"It was all well and good to talk of a recovery in building approvals earlier in the year, which itself has now been snuffed out, but with affordability at record lows there are simply not enough people out there who can afford to buy," Mr Dale added.

HIA's New Home Sales Survey is compiled from a sample of the largest 100 residential builders in Australia and is the most leading indicator on new housing activity. For the month of November, detached house sales fell by 28.6 per cent in Victoria and 14 per cent in New South Wales. Detached house sales increased by 14.5 per cent in South Australia, 12.3 per cent in Western Australia, and 4.3 per cent in Queensland.

Over the three months to November sales of detached houses were down in three out of five states – New South Wales, Queensland, and Western Australia.



For further information please contact:

Harley Dale, HIA chief Economist, on 0414 994 186

Website: <http://economics.hia.asn.au>

***For a full copy of the New Home Sales Report (media only) or for an annual subscription, please contact Kirsten Lewis on (02) 6245 1393 or k.lewis@hia.com.au