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NEW HOME SALES ENDURE WEAK YEAR IN 2006

New home sales increased in the final month of 2006 but the rise was insufficient to erase a disappointing year for both builders and buyers.

HIA's New Home Sales figures released today show that the sale of new homes and units among Australia's largest builders and developers increased by 6 per cent in December to 7,526 dwellings.

Private detached house sales rose by 9.5 per cent, largely reflecting a strong showing for Western Australia and Victoria. Sales of multi-units fell by 12.6 per cent to their lowest level since last January.

Australia's peak building industry body, HIA, said that it was good to see a positive end to 2006, but the year as a whole had been a soft one.

HIA Chief Economist, Mr Harley Dale, said that new detached home sales in 2006 were 11 per cent down on the 2005 level.

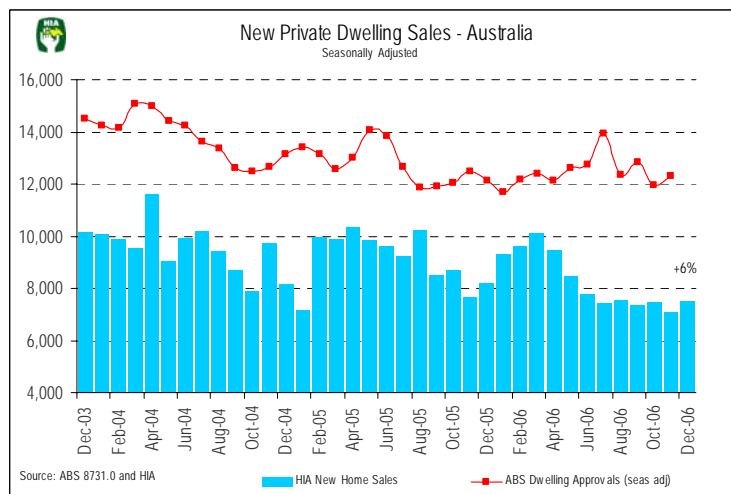
"The further widening in the housing deposit gap through 2006 meant that there simply weren't enough aspiring home owners out there who could afford to push the button on buying a new house," Mr Dale said.

"It is encouraging to have seen a stabilisation in new home sales over the second half of last year but it is going to be a long road back to a sustained recovery for new housing," Mr Dale added.

"Subject to interest rates being kept on hold that housing recovery won't gather legs until the second half of 2007."

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 December, detached house sales increased by 24.4 per cent in Victoria following a very weak November. Sales were also up by 14.2 per cent in Western Australia, 4.6 per cent in New South Wales, and 1.4 per cent in South Australia. Detached house sales eased back by a marginal 0.2 per cent in Queensland.

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



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***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