

27 February 2007

NEW HOME SALES – SIGNS OF A TURNAROUND..?

After the dramatic slide of late 2006, new homes sales across the country appear to have turned.

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 5.8 per cent in January to 7,963 dwellings. Private detached house sales rose by 5.8 per cent, and the sale of multi-units rose by 6 per cent.

Australia's peak building industry body, HIA, said that it is still early days but any turnaround at this stage is welcome news given the current housing supply squeeze.

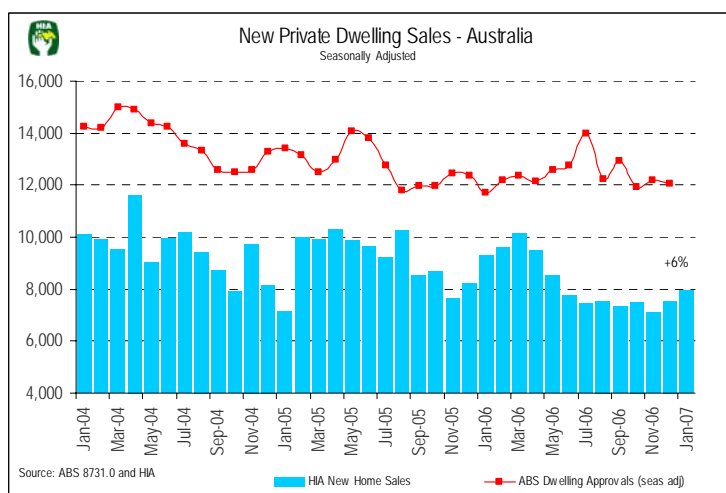
HIA Executive Director of Housing and Economics, Mr Simon Tennent, said that it was unlikely that sales would rebound to the highs of last year following the three interest rate rises of 2006, but the less threatening inflation environment is a welcome development.

"The majority of larger builders across Australia reported that the worst appears to have passed and that there has been some interest from investors, particularly in South Australia and Queensland," Mr Tennent said.

"But today's number while encouraging are still well off where they need to be," he added.

"The complex problem of housing affordability looks set to dominate housing markets through to the end of the decade by which time stagnant house prices and wage growth will bring most housing back within reach. Any additional measures, in particular the easing of the tax burden on new housing and an increase in the supply of affordable vacant land will obviously turn things around a lot quicker," Mr Tennent said.

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. See page two for the state specific results.



- **New South Wales**

New home sales rose only marginally in January, up 0.4 per cent, however this is the first time since March 2006 that new home sales have recorded two consecutive increases.

Sales were 6.3 per cent lower over the three months to January when compared to the three months to October and the level of sales was 15.9 per cent lower than the three months to January 2006.

- **Victoria**

New home sales rose for the second consecutive month in Victoria, up 7.3 per cent in January.

New homes sales were marginally lower over the three months to January, down 0.4 per cent, due to a strong result in October. Sales were well off in the three months to January 2007, when compared to the three months to January 2006 down 21.4 per cent.

- **Queensland**

Signs are becoming evident that new homes sales are on the recovery in Queensland, with the volume of sales well up from the low results recorded in June and September 2006. Sales were up a hefty 13.0 per cent in January.

The strong result in January has led to an improvement in the number of new home sales over the three months to January, up 5.7 per cent from the three months to October. New homes sales were also stronger in the three months to January 2006 from the previous year, up 4.7 per cent. This is a reflection of very weak results in November and December 2005.

- **South Australia**

Following three consecutive months of increase in the number of new homes sales, the volume of sales was weaker in January, down 7.7 per cent.

Over the three months to January, sales were up by 11.6 per cent when compared to the three months to October. Nevertheless sales have remained well down on 2005 figures, with new homes sales over the three months to January 2006, down by 22.6 per cent on the three months to January 2005.

- **Western Australia**

New home sales were up marginally in January in Western Australia, with the volume of sales up 0.4 per cent from December. It is unlikely however, that there will be a sustained recovery in the number of sales throughout 2007.

For the three months to January, sales were up by 2.1 per cent on the three months to October. Sales were down by 14.9 per cent on the three months to January last year.



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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