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## NEW HOME SALES DROP IN MAY

New home sales fell in May as record low housing affordability continued to stifle any chance of a housing recovery.

HIA's New Home Sales figures released today show a decline of 4.4 per cent for the sale of new homes and units among Australia's largest builders and developers, sales dropping back to a level of 8,387 dwellings for May.

HIA Chief Economist, Mr Harley Dale, said private new detached house sales fell by 6.9 per cent in May, reversing the outcome in April. The sale of multi-units increased by 14 per cent.

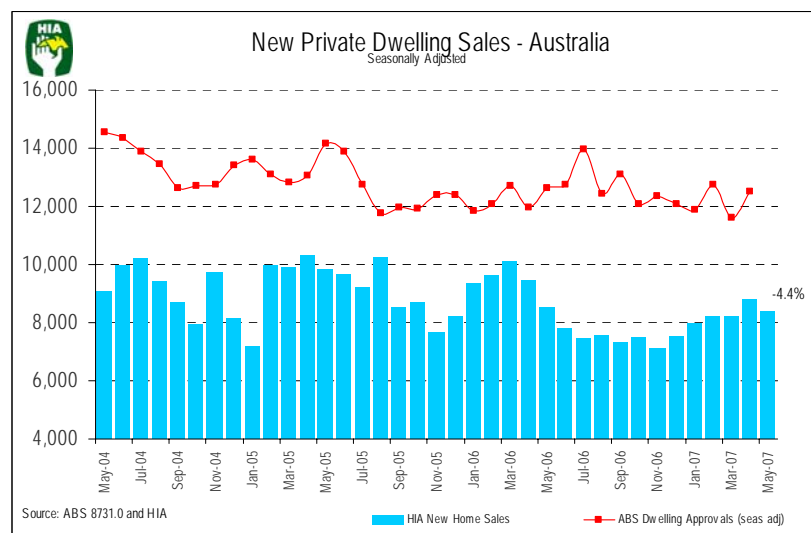
While sales were moderately higher over the three months to May the level was still 10 per cent lower than over the three months to May 2006.

"Sales fell in three of the five mainland states and over the three months to May sales levels were lower for all five states when compared to the same period last year.

"General economic conditions are strengthening and new housing activity should be following suit. However, the cost of community and local infrastructure which is increasingly being met by new housing is taking its toll," said Mr Dale.

"The cost of building a new house in Australia is extremely competitive on the world stage, however, taxes and charges on new house and land packages together with the cost of red-tape and the planning maze adds unnecessarily to the cost of a new house," he 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.



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