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HIGHER COSTS HITTING NEW HOME SALES HARD

The first March 2008 update for the Australian residential sector is a weak one.

New home sales fell for the second month in a row in March to reach their lowest level since August last year.

HIA's New Home Sales figures released today show a drop of 6 per cent in the sale of new homes and units among Australia's largest builders and developers. Detached house sales fell by 6.3 per cent while multi-unit sales declined by 3.5 per cent.

HIA Chief Economist, Harley Dale, said that sales fell in four of the five mainland states.

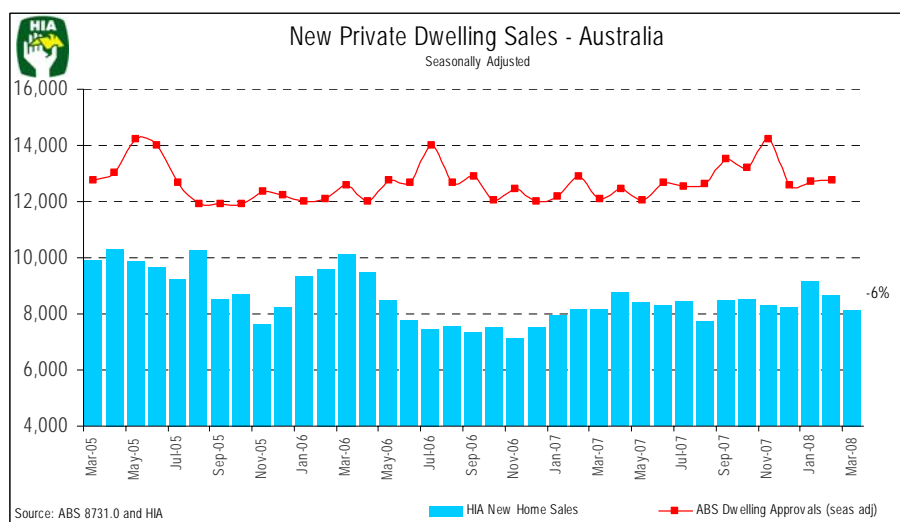
"Sales volumes are clearly losing momentum against the headwinds of higher interest rates and upward pressure on construction costs," Mr Dale said.

"We have recently announced that we do not expect to see a turnaround in the national housing starts cycle until 2009/10," Mr Dale said.

"We are facing a weakening profile for new home sales together with flat to softer outcomes for building approvals and new home finance. This picture reinforces the point that without rapid policy action tight rental market conditions will be with us for a long while to come," said Mr Dale.

HIA's New Home Sales Survey is compiled from a sample of the largest 100 residential builders in Australia.

In the month of March detached house sales fell by 19.7 per cent in New South Wales and were down by 10 per cent in Queensland, 5.8 per cent in South Australia, and 0.8 per cent in Victoria. Sales increased by 4 per cent in Western Australia following a large dip in February.



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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