

2 June 2008

FLAT START TO JUNE QTR FOR NEW HOME SALES

New home sales failed to recover from a very weak first quarter of 2008.

HIA's New Home Sales figures released today for the month of April delivered an all but flat result, sales rising by only 0.1 per cent.

Detached house sales eased by 0.2 per cent in April following a drop of 11.3 per cent over the previous two months. Multi-unit sales increased by a moderate 2.4 per cent, only the second rise in the last six months.

HIA Chief Economist, Harley Dale, said that sales were down over the three months to April in four of the five mainland states.

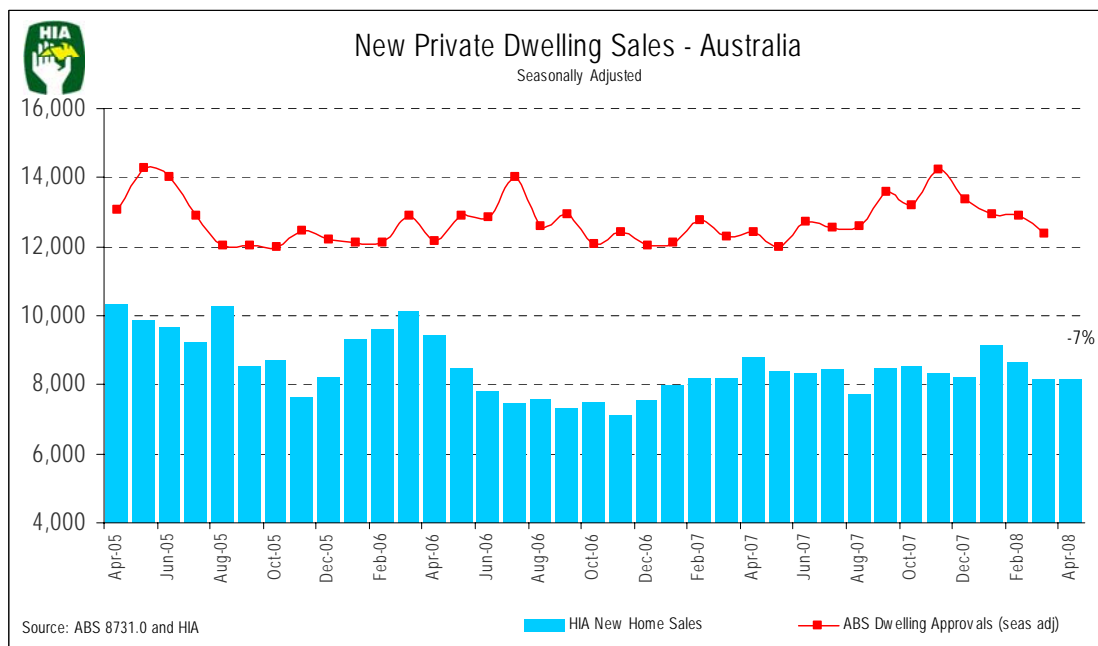
"The new home building sector was hit extremely hard in the March 2008 quarter as higher interest rate, fuel, and food bills made a further sizeable dent in housing affordability," Mr Dale said.

"The subsequent flat outcome for new home sales in April provides the first evidence that these negative forces will remain in play throughout the June quarter as well," Mr Dale said.

"The impending 2008/09 financial year will be a flat year at best for new residential construction, without contemplating further interest rate hikes," said Mr Dale.

"The recent legislation for First Home Super Saver Accounts and the technical paper on the National Affordable Rental Scheme are examples of the forward looking approach to addressing the acute shortage of housing stock. In the short term, however, it is increasingly difficult to see how a narrowing of that shortfall is going to occur."

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