

28 July 2008

New Home Sales Highlight Urgency Of Housing Reform

New home sales increased moderately in June but were effectively flat over the first half of 2008.

HIA Chief Economist, Harley Dale said new home sales managed to tick up by only 0.4 per cent over the first half of 2008 as the residential sector was weighed down by higher interest rates, tighter credit conditions, and rising household living costs.

HIA's New Home Sales Report released today for the month of June showed a 4 per cent increase in the sale of houses and units among Australia's largest builders and developers. Detached house sales rose by 2.6 per cent while multi-unit sales jumped by 15.5 per cent.

The modest monthly result did not alter what was clearly a weak first half of 2008 for the new home building industry.

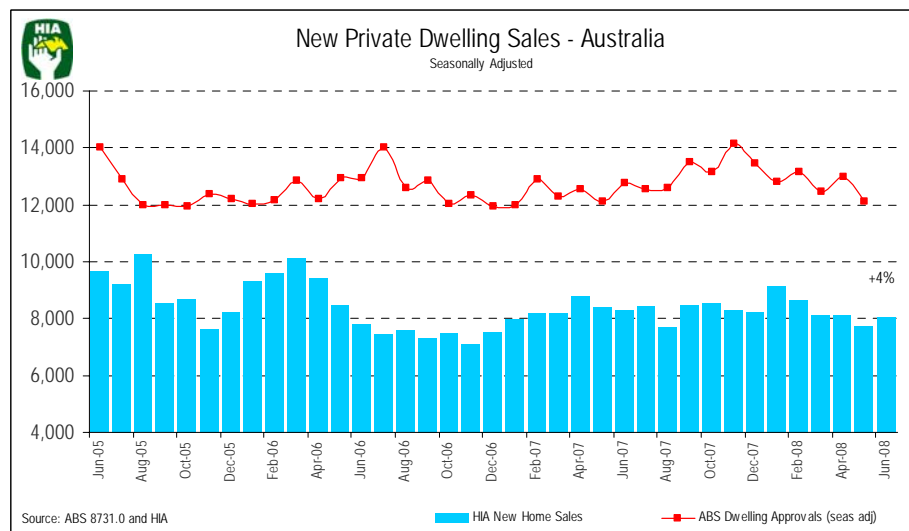
"There has been a marked loss of momentum in new home building over 2008 to date. The soft result for new home sales will actually prove to be a slightly better outcome than evident for building approvals or new home lending figures, both of which will show a fall over 2008H1," Mr Dale said.

"Australia is seeing strong demand for housing fuelled by record year on year immigration. Clearly production of new housing needs to at least capture this demand."

"Just last week the detail of the National Rental Affordability Scheme was announced. The increasingly challenging economic environment in 2008 ups the ante on the urgency required from all levels of Government to invest in measures to boost the supply of affordable housing," added Mr Dale.

In the month of June new home sales increased by 20.2 per cent in New South Wales and were up by 16 per cent in Western Australia and 3.5 per cent in South Australia. Sales fell by 9.8 per cent in Queensland and were down by 3.7 per cent in Victoria.

HIA's New Home Sales Survey is compiled from a sample of the largest 100 residential builders in Australia and is the first indicator of new home building activity released each month.



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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