

## New Home Sales Continue to Struggle

The latest New Home Sales Report from HIA, Australia's largest building association, highlights the on-going weakness in new residential construction already evident well before the latest deterioration in global financial conditions and confidence.

HIA Chief Economist, Harley Dale, said the shortage of new housing stock in Australia was set to get worse before finding a bottom, meaning very tight rental market conditions will persist for some time yet.

"The outlook for continued very low rental vacancy rates will unfortunately exacerbate the amount of 'rental rage' that is now being reported," Harley Dale said.

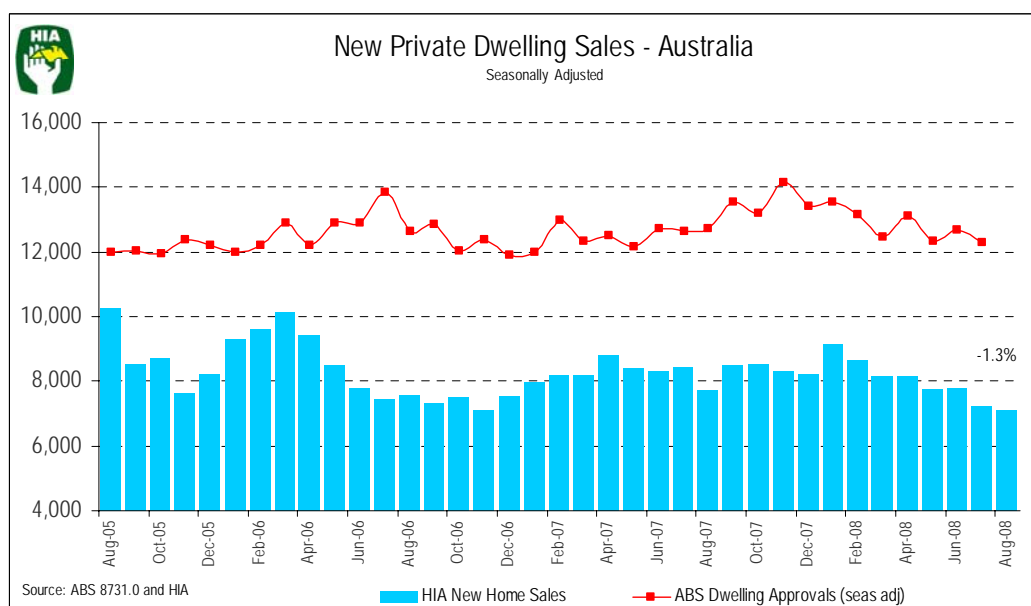
HIA's New Home Sales Report showed a 1.3 per cent fall in total sales volumes in August 2008, following a 7.2 per cent drop in July. Detached house sales were down by 2.4 per cent, their seventh consecutive decline. Sales of multi-units posted only their second rise of the year, lifting by 5.8 per cent.

"A shortfall of 45,000 dwellings this year alone is showing up in significant financial distress for lower income renters and continues to make it very difficult for aspiring first home buyers to break into the new home market," said Mr Dale.

"Further interest rate reductions have a vital role to play in complimenting supply boosting policies, and a further rate cut at the start of October is imperative in the current fragile economic climate," said Harley Dale.

In the month of August new home sales fell by 5.6 per cent in Western Australia and were down by 4.7 per cent in Queensland and 4.3 per cent in South Australia. New South Wales and Victoria managed to post only very moderate gains in August (NSW up 1 per cent and Victoria up 0.3 per cent).

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.



### For further information please contact:

Harley Dale 0414 994 186

Ben Phillips 0424 147 321

Website: <http://economics.hia.asn.au>

\*\*\*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](mailto:k.lewis@hia.com.au)