

## Soft September Home Sales

The latest New Home Sales Report from HIA, Australia's largest building association, shows that sales volumes failed to rebound following the first interest rate cut of the easing cycle.

HIA Chief Economist, Harley Dale, said that the 0.25 percentage point cut in interest rates in early September did little to turn around weak sentiment and the negative impact of higher rates over 2007/08.

"The fact that new home sales were still falling in September, their sixth drop in nine months, confirms the importance of the subsequent aggressive 1 percentage point cut in rates in early October and the announcement of a fiscal stimulus package," Harley Dale said.

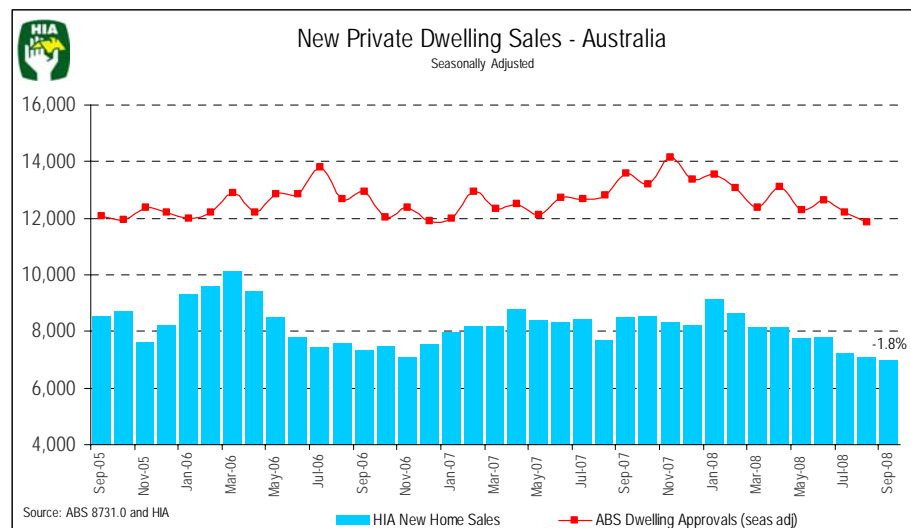
"There is cause for optimism that the worst may be behind us. With interest rates on the move down and a tripling of the First Home Owners Grant for new dwellings, we would expect to see a bottoming out in leading housing indicators over the December 2008 quarter," said Harley Dale.

HIA's New Home Sales Report showed a 1.8 per cent fall in total sales volumes in September 2008, following a 1.3 per cent decline in August. Detached house sales fell by 2.3 per cent, their eighth consecutive decline. Sales of multi-units increased for the third time this year and the second month in a row, up by a moderate 1.2 per cent.

"The clear signal from leading housing indicators is that new home building activity will be weakening into 2009. However, we would expect to see a modest recovery in housing starts emerge over the first half of 2009," said Mr Dale.

In the month of September new home sales increased by 19.5 per cent in Western Australia and by 4.6 per cent in New South Wales. Sales fell by 10.6 per cent in Queensland and were down by 9.7 per cent in South Australia and 9.2 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](mailto:k.lewis@hia.com.au)