

Home Building set to Lift says HIA

Australia's housing industry is set to recover off the back of a pick-up in new home sales, according to the latest survey by the Housing Industry Association (HIA) of the nation's largest builders.

New home sales in April increased for the fourth month in a row, to be 22 per cent above the low point in December of last year.

"The combination of low interest rates and the \$21,000 First Home Boost have lifted prospects for the housing industry, which is expected to convert to a recovery in home building activity from the June quarter of 2009," said HIA Chief Economist, Dr Harley Dale.

"We still have some negative news to digest. But most of it is historical. The leading indicators point to housing as an emerging bright spot in the economy," said Dr Dale.

"The extension of the First Home Boost announced in the Budget will provide further momentum for industry activity ahead of the stimulus from the additional funding for social housing," said Dr Dale. The HIA is forecasting new home starts will increase by 6,900 or 11 per cent in the second half of 2009.

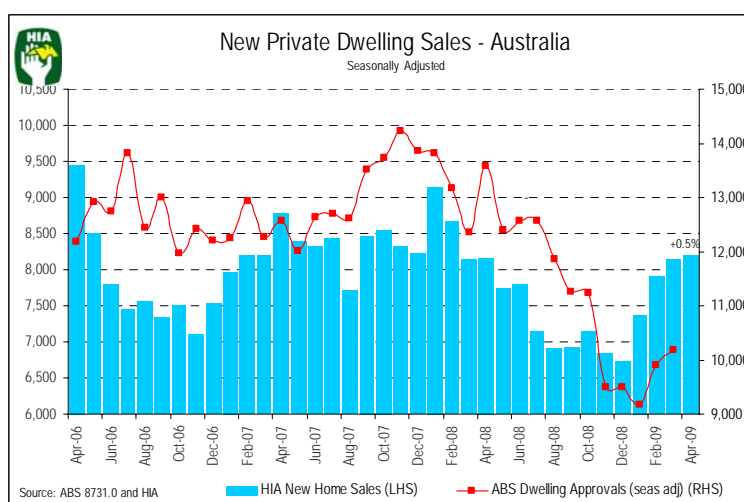
Total new home sales increased by 0.5 per cent in the month of April 2009 due to a 1.1 per cent lift in sales of detached houses. The volume of detached house sales in April was 3 per cent ahead of the corresponding month of the previous year.

"Sales of detached houses rose by 18 per cent over the three months to April 2009 reflecting gains in all five mainland states," Harley Dale said.

Sales of apartments and units continued to fare poorly with a 5.6 per cent monthly dip meaning volumes were down by 6 per cent over the three months to April.

"The impact of the credit crunch and wariness on the part of investors is still weighing heavily on the apartment market in mid-2009," said Harley Dale.

For the month of April detached New Home Sales increased by 4.5 per cent in New South Wales, 2.9 per cent in Queensland, and 1.5 per cent in Victoria. Sales fell by 4 per cent in Western Australia and by 4.8 per cent in South Australia, but sales were still higher over the three months to April in both states.



For further information please contact:

Harley Dale 0414 994 186

Ben Phillips 0424 147 321

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