

Loss of Momentum for New Home Sales

The number of new homes sold moved sideways for the second consecutive month in July, increasing by 0.1 per cent following a 0.5 per cent rise in June, according to the Housing Industry Association (HIA), Australia's largest building industry organisation.

Commenting on the HIA's latest survey of Australia's largest builders, HIA Chief Economist, Dr Harley Dale said that new home sales had stabilised in mid 2009 after a strong run up around the height of the impetus provided by the First Home Owner Boost.

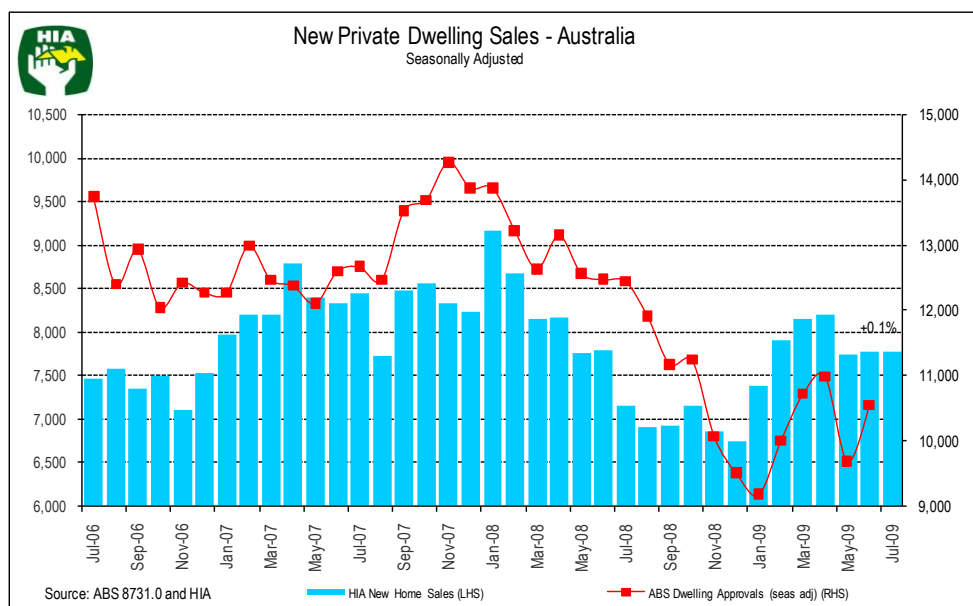
"Detached house sales are effectively tracking sideways, rising by 0.3 per cent in both June and July. Over the three months to July sales were still 6 per cent higher compared to the comparable period in 2008 and growth over the first half of 2009 was very strong," said Harley Dale.

"Housing finance figures point to an emerging recovery in trade-up buyer and investor numbers, but looking beyond first time buyer related activity we're not as yet at a point where we can talk of a broad based recovery in private new home demand," Harley Dale said.

"Throw into the mix approvals processes that are bogging down the recovery and a slow start to the Social Housing Initiative and we are looking at a moderate rather than strong lift in building starts through the second half of 2009," Harley Dale added.

Detached New Home Sales results varied considerably across the five mainland states in July. Detached house sales increased by 9.8 per cent in New South Wales and 10.2 per cent in Queensland, encouraging results for the two weakest home building states in Australia in 2009. Sales fell by 4.4 per cent in Victoria, 11.6 per cent in South Australia, and 3.1 per cent in Western Australia.

Multi-unit sales fell by 2 per cent in July and this sector remains extremely weak due to restricted finance and low investor interest.



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