

New Home Sales Signal Soft Home Building Recovery

According to the latest Housing Industry Association (HIA) survey of Australia's largest builders, the number of new home sales fell for a second consecutive month in October following a first time buyer surge in August.

New home sales fell by 6 per cent in October, pushed lower by higher interest rates and softening first home buyer activity said Dr Harley Dale, HIA's Chief Economist.

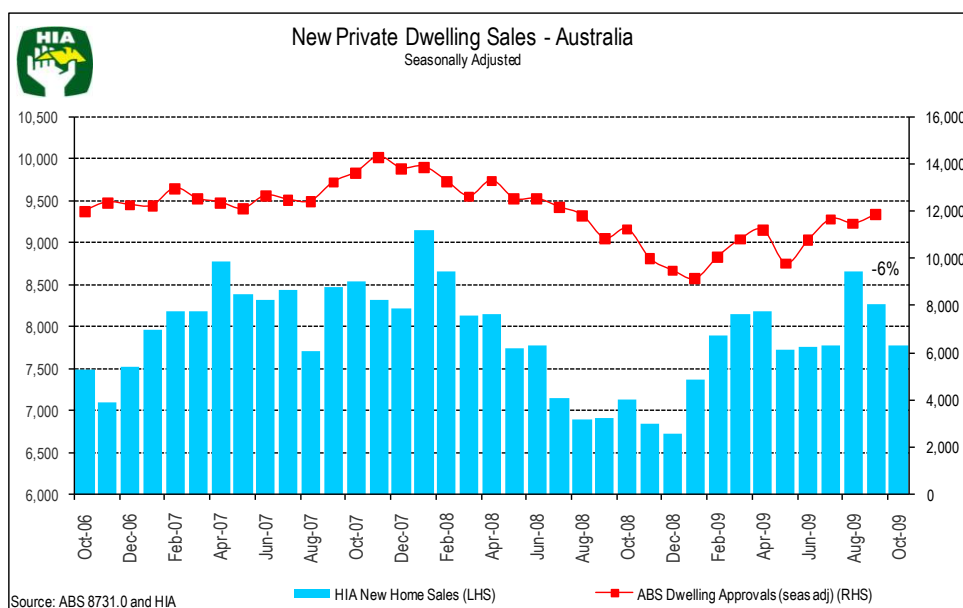
"Sales activity from investors and upgrade owner occupiers has not chimed in to offset weakening first home buyer-related activity.

"A decent and sustainable new home building recovery needs strong momentum from private sector trade-up buyers and investors and we seem to be falling short on that score as we near the end of 2009.

"Indeed, given the narrowly based private sector recovery, costly delays in planning approvals, and reports of land shortages beginning to re-emerge, it is looking like 2010 will be a year where the number of new homes built will fall well short of what is required to match Australia's rapidly growing population. The majority of the increase in housing starts next year will be driven by the social housing program which is not pulling the private sector along with it," said Harley Dale.

The number of sales of detached houses fell by 6.9 per cent in October following a decline of 4.3 per cent in September. The number of apartment sales increased by 2.4 per cent in October, the fourth rise in six months, but the volume remained at a historically very low level.

Detached New Home Sales in October fell by 12.1 per cent in New South Wales and were down by 4.2 per cent in Victoria, 9.1 per cent in Queensland, 7.2 per cent in South Australia, and 3.4 per cent in Western Australia.



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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