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JELD-WEN
AUSTRALIA

9 January 2012

New Home Sales Bounce on First Rate Cut

The first interest rate cut in two and a half years had an immediate impact on the new home building sector.

The HIA - JELD-WEN New Home Sales report, based on a survey of Australia's 100 largest builders, showed a significant bounce for sales in November 2011. Total seasonally adjusted new home sales increased by 6.8 per cent in November last year following a downwardly revised 2.8 per cent gain in October. Detached house sales increased by a relatively healthy 9.8 per cent, driven primarily by a stronger showing in New South Wales and Victoria. Multi-unit sales placed a dampener on the good news party, dropping by 17.0 per cent.

"This is a healthier but not unexpected result," said HIA Chief Economist, Dr Harley Dale.

"Only two months earlier in September 2011, detached house sales plummeted an 11 year low," said Harley Dale. "From this parlous starting position, and with speculation regarding a rate cut mounting and then delivered upon, anything other than some recovery in sales volumes would have been surprising, not to mention highly disturbing."

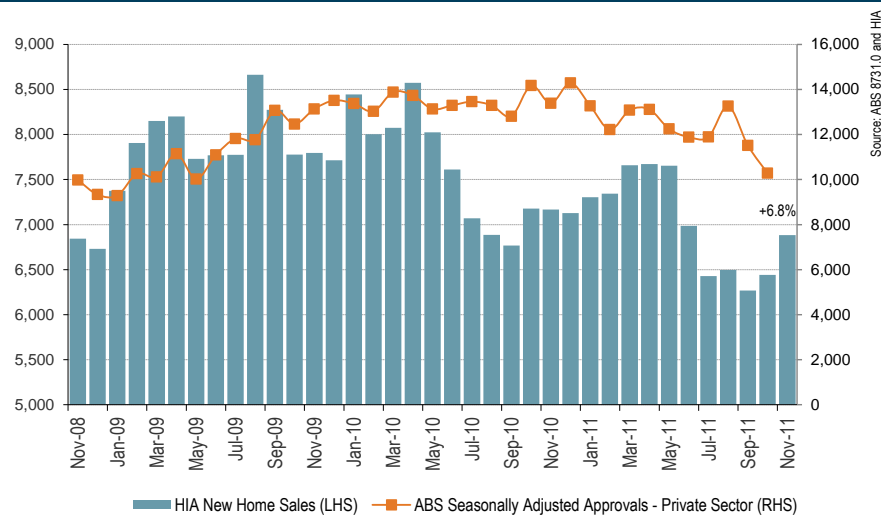
"With falling interest rates, a competitive building market, and a greater availability of skilled trades amidst still very soft overall demand conditions, now is clearly a good time to build a new home for those who are financially set to take that decision," noted Harley Dale.

"There is, however, a long way to go to restore new home sales volumes to acceptable levels. At present sales volumes are running at least 20 per cent below what you could conservatively call healthy," Harley Dale said.

"Interest rate cuts, both those we've had and those that are still warranted, provide a starting catalyst for a sustained and strong recovery in new home building conditions. Such a recovery won't emerge, however, without well-targeted government stimulus and without a re-engagement of the policy reform process to reduce the high and inefficient barriers to new housing supply," added Harley Dale.

The volume of detached house sales improved in four out of five mainland states in November 2011, rising by 22.8 per cent in New South Wales, 11.6 per cent in Victoria, 5.7 per cent in Western Australia, and 4.7 per cent in Queensland. Sales fell by 11.3 per cent in South Australia.

PRIVATE NEW DWELLING SALES - AUSTRALIA (SEASONALLY ADJUSTED)



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