



the voice of the industry



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MEDIA RELEASE

No Christmas Cheer for New Home Sales

New home sales missed out on any Christmas cheer last year, falling back in December 2011, said the Housing Industry Association, the voice of Australia's residential building industry.

The *HIA - JELD-WEN New Home Sales Report*, based on a survey of Australia's 100 largest builders, showed a decline of 4.9 per cent in total seasonally adjusted new home sales in December 2011.

"New home sales were essentially flat over the December 2011 quarter, inching up by 0.2 per cent. Meanwhile, building approvals will record a fall for the December quarter and new home loans will likely do the same," said HIA Chief Economist, Dr Harley Dale. "Leading new housing indicators therefore ended 2011 on a weak note."

Detached house sales fell by 7.7 per cent in December 2011, but rose by 2.1 per cent over the quarter. Multi-unit sales jumped by 29.4 per cent in the final month of last year, but dropped by 15.7 per cent over the December 2011 quarter.

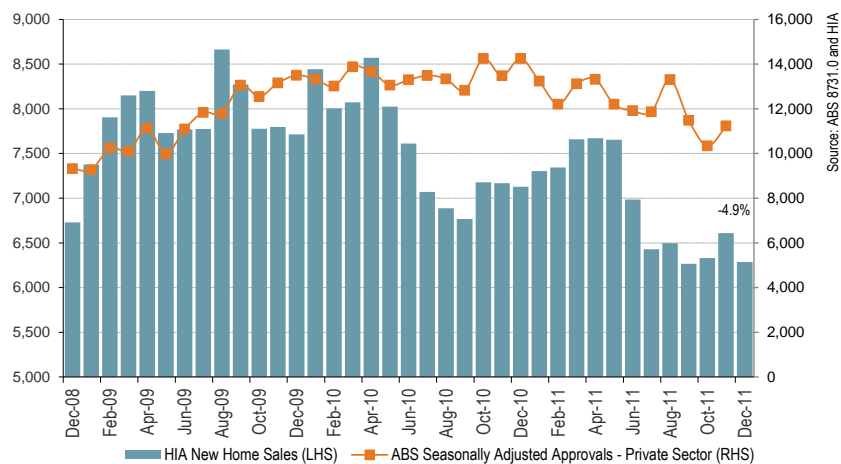
"The intensification of bad news regarding Europe, question marks over labour market prospects in Australia, and avoidable delay and uncertainty as to whether banks were going to pass on the Reserve Bank's second rate cut conspired to drive a fall in new housing contracts as the holiday season approached," said Harley Dale.

"Weakness in the new home building sector reflects a combination of subdued demand and an excessive cost base driven by high and inefficient taxation, the latter of which was further highlighted in 2011 by the modest decline in existing property values," noted Harley Dale.

"Short term monetary and fiscal policy stimulus together with a revitalised program of longer term structural reform is required in early 2012," Harley Dale added. "Such action would instil confidence in the sector during what is a very good time to build a new dwelling for those who are financially set to take that decision."

The volume of detached house sales declined in three out of five mainland states in December 2011, falling by 4.0 per cent in New South Wales, 10.5 per cent in Victoria, and 20.5 per cent in Queensland. Sales increased by 12.0 per cent in South Australia and by 6.8 per cent in Western Australia.

PRIVATE NEW DWELLING SALES - AUSTRALIA (SEASONALLY ADJUSTED)



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