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MEDIA RELEASE

## Credit Crunch Harming Housing Recovery

A lack of finance continues to have a major constraining influence on the new home building recovery says the Housing Industry Association, the voice of Australia's residential building industry.

HIA Chief Economist, Dr Harley Dale, said that new residential work approved but yet to be started remained at elevated levels and in the March 2010 quarter was over 10 per cent higher than at the time last year.

"A lack of available finance for viable residential projects is a major obstacle to boosting Australia's housing supply.

"Australia has a substantial pent-up demand for new housing, a dwelling shortage in excess of 110,000, and yet the money simply isn't being made available.

"The current situation where finance is extended to households in the form of mortgages on the one hand, but finance is not extended to allow the development of residential supply on the other, is simply untenable.

"In Queensland, where the credit crunch is at its worst and, not coincidentally, housing market conditions are at their weakest, the value of work approved but not yet started is up by nearly 60 per cent," Harley Dale said.

The HIA awaits with interest the findings of the Senate Economics Committee Inquiry into the Access of Small Business to Finance.

**For further information please contact:**  
Harley Dale, Chief Economist on 0414 994 186