



JELD-WEN
AUSTRALIA

HIA-JELD-WEN

New Home Sales

DETACHED

MULTI-UNIT

APPROVALS

SALES

MULTI-UNIT

DETACHED

A monthly update on the sales of new homes

October 2011

NEW HOME SALES POST MODEST REBOUND

The HIA-JELD-WEN New Home Sales report, based on a survey of Australia's 100 largest builders, posted a modest increase in October 2011.

Given that in September detached house sales reached their lowest level since September 2000, some recovery is better than none. However, the overall profile for new home sales remains very weak – for example, the volume of detached house sales in October this year was still 29 per cent below the fifteen year average.

Total seasonally adjusted new home sales increased by 5.5 per cent in October 2011. Detached house sales rose by 5.1 per cent while multi-unit sales recorded a monthly bounce of 9.0 per cent.

Total new home sales fell by 8.0 per cent over the three months to October and were down by 7.0 per cent when compared to the same period last year. Over this three month period the sale of detached houses fell by 8.4 per cent while multi-unit sales were down by 5.1 per cent. Over the September 2011 quarter, detached house building approvals fell by

1.8 per cent, 'Other dwelling' approvals were flat, while lending for construction continued to display its persistent flat trend.

Widespread anecdotal evidence that emerged from mid-2011 of a fresh round of weakness to new home building conditions has been subsequently borne out by new home sales results. In the 2010/11 financial year, detached house sales reached their second lowest level since this series began in 1991/92. It is disturbing that since that time the sales trajectory has been downward.

New home building conditions were weakening from an inauspicious starting point ahead of the heightened European debacle. This situation contributes to the compelling case for the Reserve Bank to implement another, larger interest rate cut on December 6. This situation also highlights the folly of tightening fiscal policy at the current juncture in time.

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