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Soft Sales & Credit Crunch Put New Homes on Hold

Soft sales and credit rationing have put an estimated 34,000 new homes on hold, according to HIA, Australia's largest building industry association.

A nationwide survey of 1,300 HIA members found that nearly 50 per cent had approved residential projects that had not been started or completed.

HIA Managing Director, Ron Silberberg, said that the main reasons why these projects have stalled are a lack of demand and a lack of available finance.

"These findings reinforce the imperative for an early start to the Federal Government's second fiscal stimulus package. This stimulus includes the construction of 20,000 public and community housing dwellings which will in turn unlock private dwelling projects currently unable to proceed due to a lack of sales," said Dr Silberberg.

"There is a lot of low hanging fruit that can be picked up quickly. More than 70 per cent of builders are keen to sell some of their dwellings for public housing and social housing."

A lack of available construction finance was responsible for 44 per cent of all apartments not proceeding to commencement while even in the detached house segment, 32 per cent of deferred projects reflected a lack of finance.

"The combination of weak demand and credit rationing is preventing the residential sector from kick starting the Australian economy. The housing component of the Federal Government's Nation Building and Jobs Plan can be activated within a short timeframe," Dr Silberberg said.

Approved Dwellings not Started

	Reason		
	Shortage of Construction Finance	Lack of sales	Lack of trades/Other
Apartments	44%	42%	14%
Townhouse/Duplex/Villa	33%	54%	13%
Detached House	32%	52%	16%

Source: HIA

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