

## Housing Report Card Highlights Lack of New Supply

Australia's most comprehensive report card on the new housing industry highlights that a lack of affordability is preventing an adequate supply of new housing stock.

Commenting today on the release of the June 2007 quarter *HIA National Outlook* publication, HIA Chief Economist, Mr Harley Dale, said that record low housing affordability was precluding an increasing number of Australians from turning their dream of home ownership into reality.

"HIA's latest forecasts predict that if the affordability crisis is left un-checked we will still be supplying fewer homes than required through to the end of the decade," Mr Dale said.

"Residential construction is flat in a climate of user pays funding for new housing, a lack of affordable land, and increasing planning and red tape hurdles," Mr Dale said.

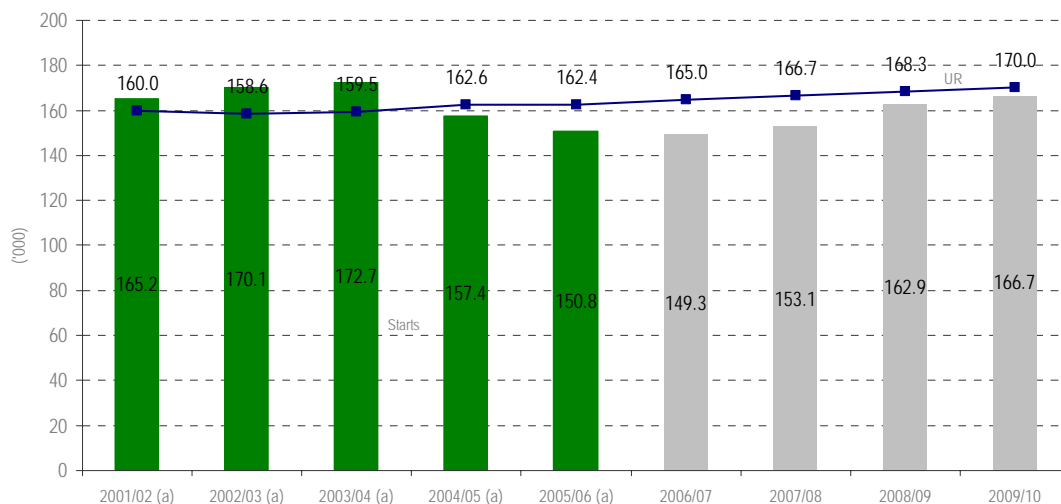
"Residential construction is historically a leading indicator of economic activity. Currently the affordability hurdle is condemning construction to a lagging indicator role. Without a concerted all-of-government approach to rectifying the affordability crisis the build-up in unmet demand will intensify."

With no immediate relief in sight, today's release of National Outlook underlines the importance of the recently launched Residential Infrastructure Plan in which state and local governments could be assisted in meeting the cost of building and upgrading essential community infrastructure in regional and urban centres.

"It's time to be smart and fair about housing affordability, particularly with forecast growth in housing starts of only 3 per cent over 2007/08 - a result that will barely touch the sides of the required lift in housing supply."

"This undersupply, however, has provided a significant boost to renovation activity as potential home buyers stay put and add floor area to existing homes rather than face the prohibitively high transaction costs associated with moving house. Total investment in renovations in 2006/07 is expected to have hit a new record of \$28.6 billion and growth of over 3 per cent is forecast for 2007/08."

Underlying Requirement for Housing vs Actual and Forecast Dwelling Starts - Australia



- Ends -

**Note to Editors**

1. HIA's State and National Outlook publications are a comprehensive quarterly roundup of key housing indicators on a state by state and National basis. There are nine reports in the set.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, the National Centre for Vocational and Education Research, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For a copy of the full 80 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393 or [k.lewis@hia.com.au](mailto:k.lewis@hia.com.au) Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

**For further information on this release, please contact:**

Harley Dale  
HIA Chief Economist  
Phone: 0414 994 186

Chris Lamont  
HIA Senior Executive Director, Industry Policy  
Phone: 0414 765 040

Email: [economics@hia.com.au](mailto:economics@hia.com.au)

<http://economics.hia.asn.au>