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EASING IN RENTAL CRISIS STILL LONG WAY OFF

Australia's private rental crisis looks set to deteriorate further in 2007.

Commenting on figures released today, Australia's peak housing body, HIA, said that a seasonally adjusted rise of 4 per cent in residential investment lending in December needed to be followed by many further increases.

HIA's Chief Economist, Mr Harley Dale said that lending averaged around \$5.8 billion per month in 2006 but the level of investment was still 25 per cent off the highs of three or four years ago.

"Vacancy rates are at 25 year lows and pressure on rents is accelerating higher," Mr Dale said.

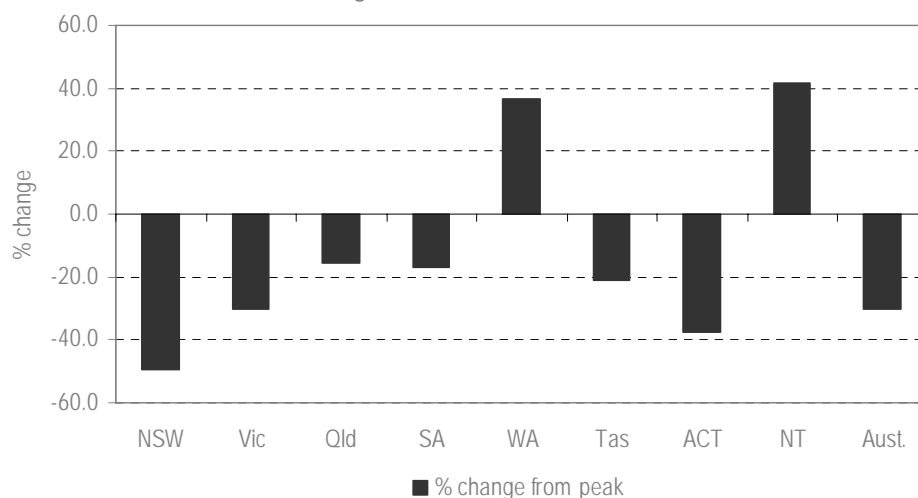
"Lending is well off the boil in all states and territories except, not surprisingly, the resource rampant economies of Western Australia and the Northern Territory," Mr Dale added.

"In the two largest resource-poor states – New South Wales and Victoria – residential investment is off its 2003 peak by 50 per cent and 30 per cent, respectively."

"The significant upward pressure on rents, which is squeezing low and middle income renters, will in time lead to an increase in the construction of investment properties."

"Right now, however, the first home owners grant has been substantially eroded, government's retreat from public housing provision continues, and the onus seems to be falling increasingly on the mums and dads out there to house a growing rental population."

Residential Investment Lending



Further Information

Harley Dale, HIA Chief Economist, on (02) 6245 1329 or 0414 994 186

Housing Industry Association Limited
ACN No 004 631 752