

HOUSING SNAPSHOT SHOWS NO SHORT TERM UPSWING

Rising interest rates have had a dampening affect on home building activity while high land prices and excessive regulatory costs continue to make a negative contribution to housing affordability.

Releasing the summer edition of the HIA Market Snapshot Report, Australia's peak building industry body, HIA, said that comments from Australia's new home builders confirm reasonable rather than healthy housing conditions.

HIA's Chief Economist, Harley Dale, said that there was a clear message of housing activity being constrained by very low housing affordability.

"The cost of land, council delays and regulations, and higher interest rates have all added, to varying degrees, to weaker housing conditions than would otherwise be the case," Mr Dale said.

One NSW builder noted "The big issue is the price of land, which is hurting business prospects."

"In Western Australia the market is still very strong with clear evidence of on-going constraints on labour and materials together with a shortage of land. Even in the west, however, activity looks to be past its best because affordability has fallen so dramatically," Mr Dale said.

A builder in Western Australia said "Affordability has been an issue of late and there is concern about the low end of the market."

"Outside of parts of New South Wales there is little sign of major weakness in new housing," Mr Dale said.

"Conditions are broadly expected to be steady to a little softer over the next six months."

"After that, provided interest rates remain on hold, the outlook becomes brighter again, within which on-going concerns about land and the heavy regulatory burden are clear and unmistakeable."

FURTHER INFORMATION

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A full copy of the report can be downloaded from the HIA Economics Group Website at <http://economics.hia.asn.au>

