

## AUSTRALIAN HOME BUILDERS CONFIRM AFFORDABILITY WOES

Australia's most comprehensive survey of homebuilders has highlighted how poor affordability, and slow planning times are hurting the industry.

Releasing the winter 2007 edition of the HIA Market Snapshot Report, Australia's peak building industry body, HIA, said that comments from Australia's new home builders and developers confirm that housing is simply unaffordable for those not already in the market.

HIA's Chief Economist, Harley Dale, said that first home buyers were being left behind as the trade-up buyer and investor markets improved over 2007.

"The cost of land, user pays taxes and charges, council delays and regulations, and higher interest rates are all playing their part in creating a generation of housing have-nots," Mr Dale said.

"This year has been a better year for new housing demand from trade-up buyers and to a smaller extent from investors. Budding first home buyers just aren't in that same ball park and aren't considered likely to get there anytime soon," Mr Dale added.

One NSW builder noted "Low levels of housing affordability have resulted from a lack of land available, stamp duty, and other taxes. We build for the first home buyer market and have found it to be down over the last six months."

While a builder in Victoria noted "The add ons to raw land in taxes and the like makes it difficult and far more costly than it used to be."

"First home buyers are no better off in the resource rich states of Western Australia and Queensland," Mr Dale said.

A builder in Queensland said "Infrastructure costs and extra local government charges have really got out of control over the last year or so."

While a builder in Western Australia noted "Housing affordability has deteriorated as a result of the increased cost of land."

"The outlook for the non-first home buyer market is steady to a little brighter," Mr Dale said.

"Sentiment towards the future darkens considerably when considering the first home buyer market. Affordability is very low and the clear perception is that precious little is being done about the problem."

As one large volume builder from South Australia states "We used to build for the first home buyer market, but not anymore, first home buyers just aren't buying."

### FURTHER INFORMATION

Contact Harley Dale, HIA Chief Economist, on 0414 994 186

A full copy of the report can be downloaded from the HIA Economics Group

