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COOLING PRICES AND CAUTIOUS BUYERS

An easing in land prices and a complete lack of urgency among home buyers are the two dominant features of today's new housing market.

Releasing the winter edition of the HIA Market Snapshot Report, Australia's peak building industry body, HIA said that there was still an air of cautious optimism in most states as the recent stable interest rate environment and positive news about tax cuts had lifted enquiries and confidence.

HIA's Chief Economist, Mr Simon Tennent said however, that the six monthly survey of detached home builders demonstrated stark differences in activity and prospects across states and sectors and continues to highlight the fragile nature of the current market.

"Clearly the hurt is being felt most in New South Wales with a number of Sydney based builders reporting sales down by as much as 40 per cent," Mr Tennent said.

"For some, display home traffic had slowed to a crawl with first home buyers being priced out of the market, and investors fleeing to other states," he added.

"It is hoped that the recent cooling in new land prices, and the reduction in some trade subcontractor rates will turn things around in New South Wales but there is a long way to go."

"For the rest of Australia, it is a steady-as-she-goes story with an encouraging level of interest in recent months, even at the first home buyer end which has been slow for close to two years now."

"Overall, there is some lingering pressure on the availability of trades while material prices are reported to be steady or slightly higher."

"Completion times have shortened further as have council approval times although the increasing compliance burden associated with Occupational Health and Safety legislation remains a barrier to productivity and profitability.

FURTHER INFORMATION

Contact Simon Tennent, HIA Chief Economist, on 0419 445 557
A full copy of the report can be downloaded from the HIA Economics Group Website at <http://economics.hia.asn.au>