

## A LONG COLD WINTER FOR NEW HOUSING

Rising interest rates, land shortages, and a lack of urgency among home buyers is keeping the brakes on new home building.

Releasing the winter edition of the HIA Market Snapshot Report, Australia's peak building industry body, HIA, said that comments from Australia's new home builders confirm that a sustained recovery is some way off, with many expressing grave fears over another rate rise before the end of the year.

HIA's Chief Economist, Harley Dale, said that land supply shortages and council delays and regulations were adding to the pain, however most believe that the worst has passed provided rates remain on hold.

"Fortunately most builders have enough work on their books to keep their sales staff and contractors busy. Nevertheless, the pressure is at its greatest in NSW where display home traffic and general enquiries remain 30 per cent down on last year," Mr Dale said.

One NSW builder noted "The interest rate rise had a dampening effect. Conditions are expected to remain much the same as there is no reason to expect it to improve at this stage."

"Outside of NSW, a further deterioration in activity is viewed as unlikely. However, this view is predicated on interest rates remaining where they are," Mr Dale said.

"A clear negative impact of the recent rate rise on the Sydney housing market highlights the risk to other markets should another hike come to pass," Mr Dale added.

"Outside of the Sydney market there is no sense of alarm or heightened concern over housing conditions."

"A 'steady as she goes' outlook coupled with some modest recovery best sums up the state of play for Victoria, South Australia, and Queensland. New South Wales is weaker while conditions in Western Australia are set to remain very strong."

"Land availability is an on-going issue, especially in New South Wales, and is rapidly becoming a problem in Western Australia."

"Given housing affordability is at very low levels now it is imperative to ensure adequate land supply everywhere across Australia so as to avoid further significant deterioration in affordability."

### 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 Website at <http://economics.hia.asn.au>

