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NEW HOME SALES HIT AGAIN

The number of new homes sold in Australia has fallen for the fifth time in six months as the heat from higher rates continues to weigh down on new housing demand and supply.

HIA's New Home Sales figures released today show that the sale of new homes and units among Australia's largest builders and developers fell by 3 per cent in September to 7,342 dwellings.

Private detached house sales dropped by 6.2 per cent while sales of multi-units increased by 18.2 per cent following a weak July/August.

Australia's peak building industry body, HIA, said that the year ahead would be a subdued one for the new housing market.

HIA's Executive Director, Economics and Housing, Mr Simon Tennent, said that a combination of negative factors looked set to generate lower housing starts levels across nearly all of Australia in 2006/07.

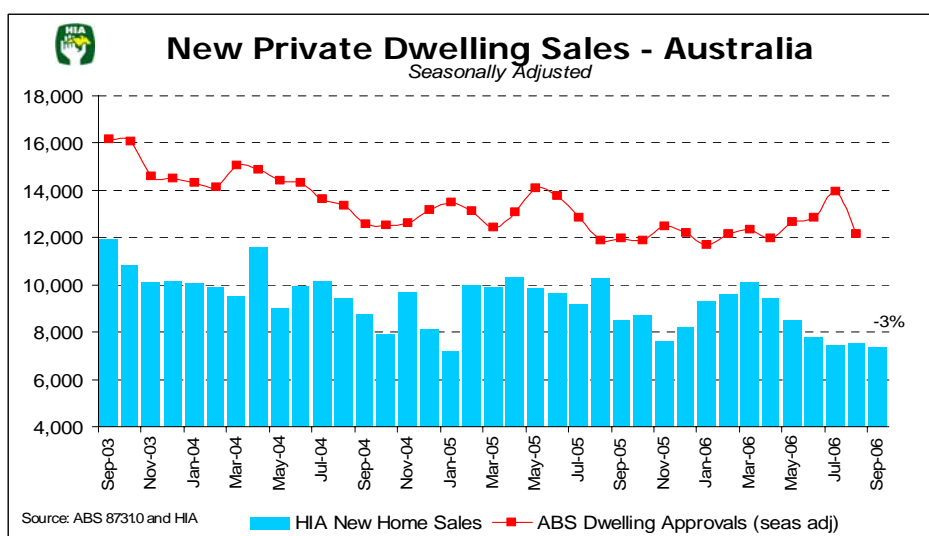
"Housing affordability is at critically low levels everywhere across Australia and is suffering an additional hit in 2006 because of higher interest rates," Mr Tennent said.

"On top of the higher rate environment you have skills shortages and a lack of available land which are constraining new home building," Mr Tennent said.

"Throw these three factors together and a national recovery in residential construction, which is way overdue, is still some distance off."

"Higher interest rates don't only hit buyer sentiment, they also worsen an existing housing supply problem. This lack of supply is costing the industry growth and is putting more pressure on rental markets," Mr Tennent added.

HIA's New Home Sales Survey is compiled from a sample of the largest 100 residential builders in Australia and is the most leading indicator on new housing activity. For the month of August, detached house sales fell by 22 per cent in Queensland and were down by 15 per cent in New South Wales, 6 per cent in Western Australia, and 3 per cent in South Australia. Sales in Victoria bucked the trend, jumping by 23 per cent following three very weak months.



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***For a full copy of the New Home Sales Report (media only) or for an annual subscription, please contact Kirsten Lewis on (02) 6245 1393 or k.lewis@hia.com.au