

## HIGHER RATES CAP DISAPPOINTING YEAR FOR HOUSING

The effect of three interest rate rises in 7 months has capped a disappointing year for the new home building industry.

Figures released today show that approvals fell by 1.9 per cent over the month of December to 12,395, keeping the less volatile trend figure in negative territory. For private houses, approvals fell 2 per cent while flat unit and apartment approvals fell 1.5 per cent. Falls occurred in all states except Queensland.

Australia's peak building industry body, HIA, said that the figures end what was a disappointing year with a total of 151,700 dwelling approved over the year, down 2.8 per cent on the 156,100 approvals recorded over 2005.

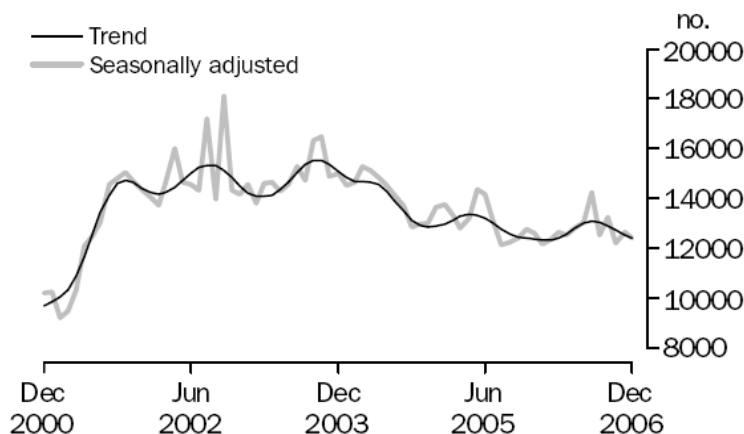
HIA's Executive Director Housing and Economics, Mr Simon Tennent, said that the slowing in dwelling approvals over the year coincided with a deterioration in housing affordability, the closure of a number of building material plants around Australia, and dramatic increases in private rents.

"While it hasn't been the meltdown of previous cycles, this quiet but steady fall in the rate at which new houses are being added to Australia's housing stock is causing distortions throughout the rest of the economy," Mr Tennent said.

"Housing affordability remains stuck at record lows, vacancy rates for rental properties are at breaking point, and there has been no let up in the coast of raw land for development," he added.

"With 60 per cent of Australians either renting or paying off a mortgage, the deterioration in housing affordability and the barriers to bringing affordable housing to market should rank along side climate change and water management as issues of national importance in 2007," Mr Tennent added.

Dwelling Approvals - Australia



*On a state by state basis, seasonally adjusted approvals fell by 25.2 per cent in Tasmania, 12.1 per cent in South Australia, 5.3 per cent in Western Australia, 1.5 per cent in New South Wales, and 1.4 per cent in Victoria. Approvals rose by 9.4 per cent in Queensland.*

### Further information:

Simon Tennent, Executive Director Housing and Economics, on 0419 445 557

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

