

## LOW HOUSE BUILDING NUMBERS ADDS TO AFFORDABILITY PRESSURES

Despite solid population growth and high levels of housing demand, Australia's new home builders are still building fewer homes than what is needed.

According to Australian Bureau of Statistics figures released today, new home starts eased by 0.8 per cent in the December quarter to 37,413, well below the 40,000 homes needed to ease the current affordability crisis.

Australia's peak building industry body, HIA, said that today's figures underline the risks associated with stimulating housing demand when supply is not up to it.

HIA's Chief Economist, Mr Harley Dale, said that low housing affordability meant that throughout 2007 there would continue to be fewer homes built than required.

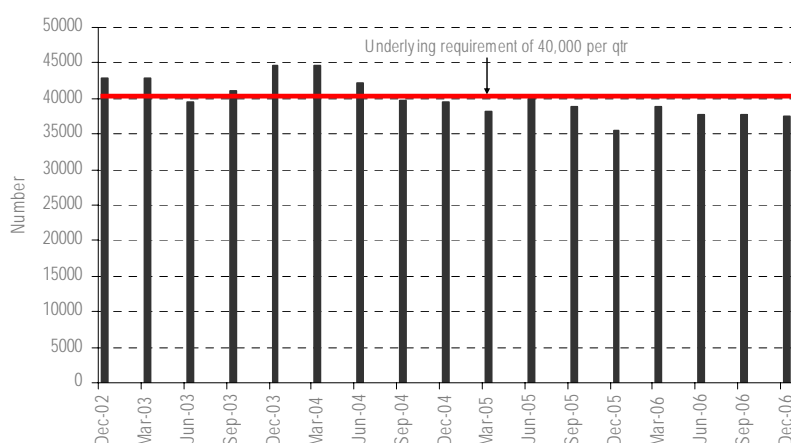
"We need to be building at least 40,000 dwellings per quarter just to satisfy the rate of population growth and household formation," Mr Dale said.

"In the prevailing situation where low levels of new construction reflect both a lack of affordable supply and higher debt servicing costs, we are still some distance off reaching that all-important 40,000 mark," Mr Dale said.

"The twin problems of struggling first home buyers and very tight rental markets are set to continue because the barriers to new housing are at present just too high," Mr Dale added.

Detached house starts were 0.8 per cent lower at a level of 26,517. Multi-unit starts fell by 1.7 per cent to a level of 10,463.

Housing Starts – Australia



On a state-by-state basis, the seasonally adjusted number of housing starts fell by 22 per cent in the Australian Capital Territory and was down by 17 per cent in the Northern Territory, 7.3 per cent in Victoria, 3.8 per cent in Tasmania, 2.3 per cent in Western Australia, 2.1 per cent in South Australia, and 1.1 per cent in Queensland. Housing starts increased by 5.3 per cent in New South Wales following a 21 per cent drop the previous quarter.

**FURTHER INFORMATION:** Please contact:  
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