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## Housing supply now of real interest

Recent interest rate increases are hitting housing hard with the value of housing loans decreasing 7.1 per cent in February and the number of loans falling by 5.9 per cent. The value of loans for residential investment also dropped by 9.5 per cent during the month dominated by a decline in purchasers of existing stock.

The figures for new housing are slightly better with a 0.5 per cent improvement in the number of loans for new houses in February 2008.

HIA's Chief Executive – Policy, Chris Lamont, said interest rate rises continue to add to mortgage repayment pressures and that the lack of housing investment would inflict further pain on those already struggling to meet rent payments.

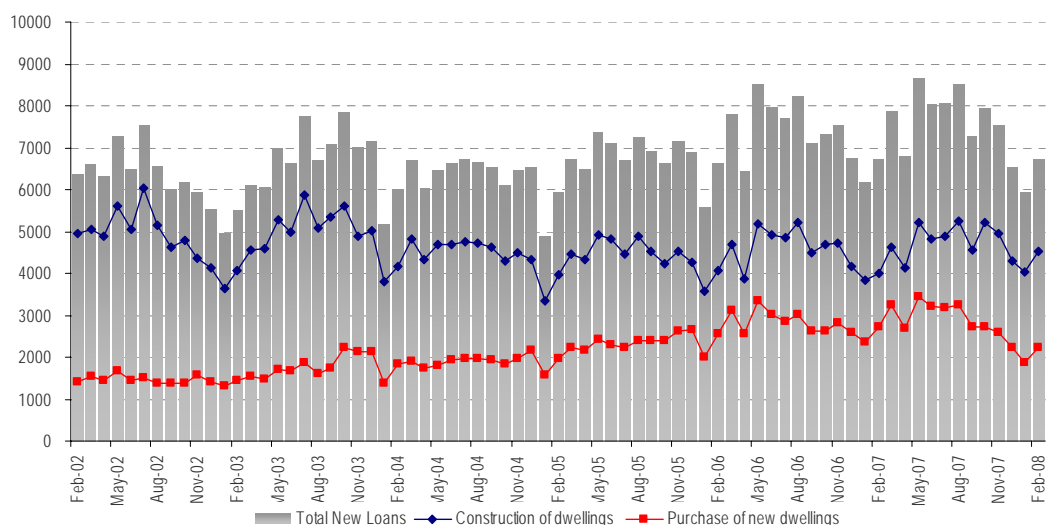
"There should now be a united focus and interest by all government in increasing the supply of affordable housing," said Mr Lamont.

Housing finance and a range of other leading indicators suggest a further widening in the gap between housing supply and demand. HIA contends that the housing industry should be building at least 175,000 new residential dwellings each year to satisfy existing demand.

"Several years of lack lustre building activity is having a real impact and the first hit are those who can least afford it. There is an urgent need to provide real incentives to promote investment in affordable private rental accommodation and bolster the stock and availability of public housing," Chris Lamont said.

On a state by state basis, the number of loans for new dwellings was down by 3.5 per cent in South Australia compared to February 2007. Loans were also down by 6.7 per cent in Western Australia, and 16.6 per cent in the Australian Capital Territory. The number of loans increased by 1 per cent in New South Wales, 2.2 per cent in Victoria, 1.8 per cent in Queensland, 32.2 per cent in Tasmania, and 15.6 per cent in the Northern Territory.

AUST New Home Lending - Number of Loans



### Further Information

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