



3 July 2006

PRESSURE BUILDS FOR NEW HOUSING

Another slow month for dwelling approvals is keeping pressure on Australia's housing stock.

Figures released today for the month of May showed a 3.3 per cent increase in the approval of new single houses and flats, units and townhouses, reaching 12,729 over the month but still well below what is needed to keep up with population growth and household formation.

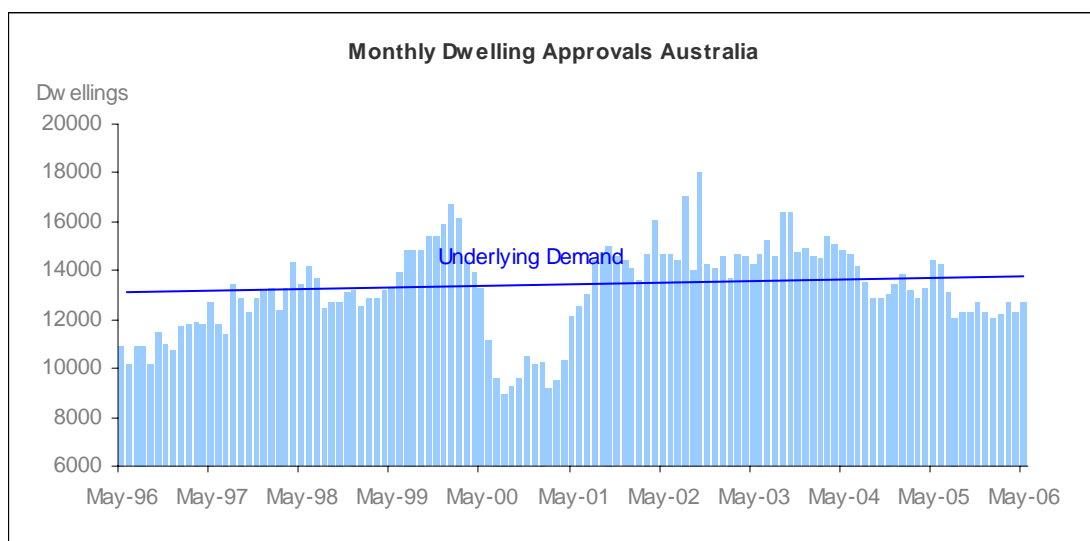
Australia's peak building industry body, HIA, said that the yawning gap between what consumers can afford to pay for new housing and the price at which the industry is able to supply product is keeping the lid on a home building recovery.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that higher interest rates are another thorn in the side for consumers, but for Australia's home builders, the home building process continues to be more complex and costly.

Even after paying the exorbitant price for developed land, the direct and indirect cost of regulation on the home building industry is seeing many hang up their tools", Mr Tennent said.

"As one member recently said, "If it gets any worse, there will be more and more skilled and experienced builders such as myself that will choose to end our careers working in hardware stores rather than in this hyper regulated industry – we just want to go to work and do our damned job!"

On a state by state basis, seasonally adjusted approvals fell by 34 per cent in South Australia and by 8.4 per cent in Western Australia. Rises were recorded in Victoria, up 21.5 per cent, Queensland, up 8.5 per cent and New South Wales, up 6.1 per cent. In original terms approvals were down by 1.4 per cent in the Northern Territory and were up by 100.8 per cent in the Australian Capital Territory.



Further information:

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

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