

SMALLER STATES DRIVE NEW HOME SALES

The gap between the “haves” and the “have nots” is continuing to widen for Australia’s new home builders.

Despite only a very modest fall in sales nationally— down 0.6 per cent for July, HIA New Home Sales figures released today showed that there was further weakness in the New South Wales market, and falls also in Victoria - down 12.3 and 5 per cent respectively as high land costs and a lack of urgency dominate those markets.

For the lower priced states however, sales edged in Queensland, up 7.5 per cent, South Australia up 17.4 per cent and Western Australia up 10.5 per cent.

HIA’s Chief Economist, Mr Simon Tennent, said that the headline figure is still in line with the current orderly slowdown that is creating pent up demand for housing, but in some regions activity has all but stalled.

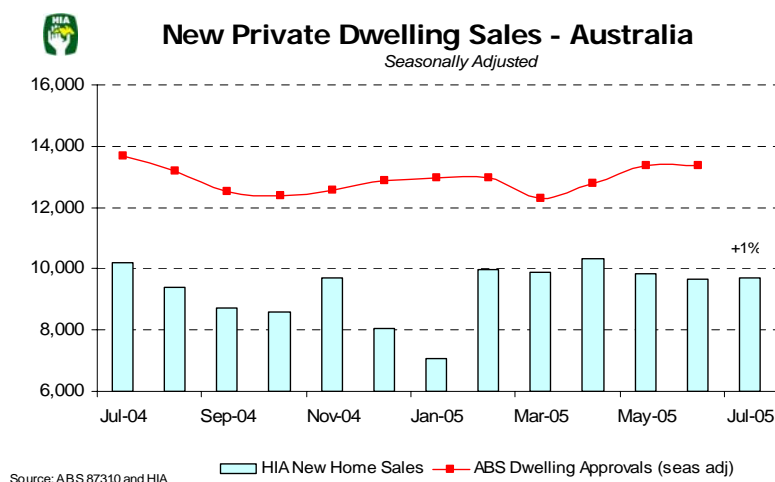
“To put it simply, there is more than enough evidence to show that the alarm bells are ringing in some cities and regions, while the rest of Australia enjoys the renewed confidence of buyers who haven’t been priced out of the market, and investors taking advantage of tight rental markets and high rent returns,” Mr Tennent said.

“Stable interest rates and impending tax cuts may inject some hope into these depressed markets, but this will by no means be the tonic that will turn the affordability equation around for thousands of families and individuals,” he added.

“Governments need to tackle the duplication, inefficiency and regulation that are pricing young Australians out of the market. “

“Adequate land supplies must be available to support increases in population; infrastructure should be regarded as an investment, not a liability and planning systems reformed to avoid delay, reduce red tape and minimise cost,” Mr Tennent said.

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.



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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.