

VICTORIA AND QUEENSLAND LIFT NEW HOME SALES

A stronger month for Victoria and Queensland has led to a lift in new homes sales in April.

HIA New Home Sales figures released today showed that after a flat result in March sales increased by 4.3 per cent in April. This increase stemmed from strong sales results in Victoria (up 19.4 per cent) and Queensland (up 9.8 per cent) generating a 5.5 per cent rise in house sales. Sales of townhouses, units, flats and apartments fell by 5.4 per cent, the second consecutive fall.

HIA's Senior Economist, Mr Harley Dale, said that after a very weak end to 2004 it was encouraging to see some recovery in new home sales in 2005.

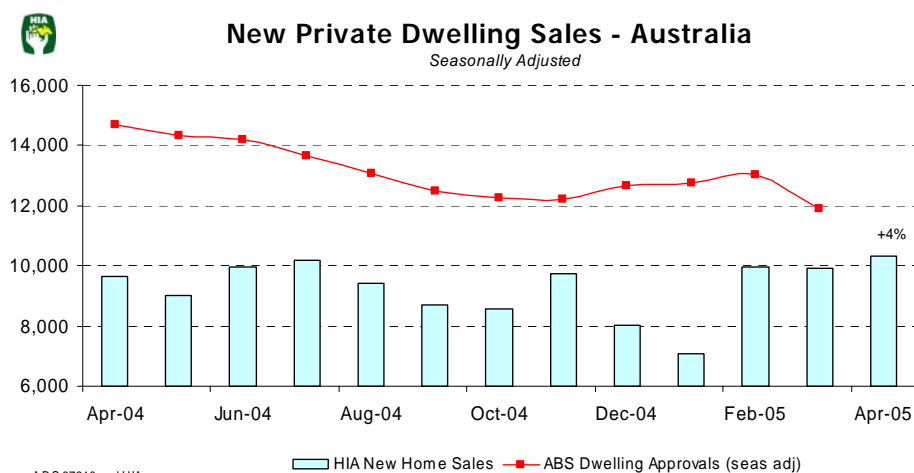
"With the exception of Western Australia sales levels were still lower in the first part of 2005 compared to the same time last year, so we are still in for weakening levels of housing activity over 2005/06," Mr Dale said.

"Had sales levels continued to drop in the early stages of 2005, however, then the picture being painted for next financial year would have been far bleaker than is now the case," he added.

"As it stands we continue to look for a relatively moderate correction to housing activity in Australia over the next eighteen months or so."

"This outlook would likely only unravel into a savage correction for the housing industry if interest rate levels were lifted very significantly from where they currently are. There is simply no rigour out there for such a lift in rates transpiring."

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.