

BUILDERS REPORT REASONABLE HOME SALES IN MAY

New home sales came off the boil in May, but overall sales continue to look better in 2005 than was the case in a disappointing end to last year.

HIA New Home Sales figures released today showed that sales fell by 4.6 per cent in May following a 4.3 per cent increase the previous month. New South Wales enjoyed a stellar month, with new product coming onto the market being moved very successfully over the month.

HIA's Senior Economist, Mr Harley Dale, said that the decline in sales across Australia would have been far more significant in May were it not for the strong showing from the New South Wales market.

"New South Wales was the star in May. Nevertheless, new home sales across the country are still looking more vibrant again when compared to the fairly dismal showing we had to endure in the final months of 2004," Mr Dale said.

"We may well see sales weaken a little over the remainder of the year. However, with the labour market still looking in very good shape and the increased likelihood of interest rates remaining on hold this year, further significant weakness in home sales in 2005 is unlikely," he added.

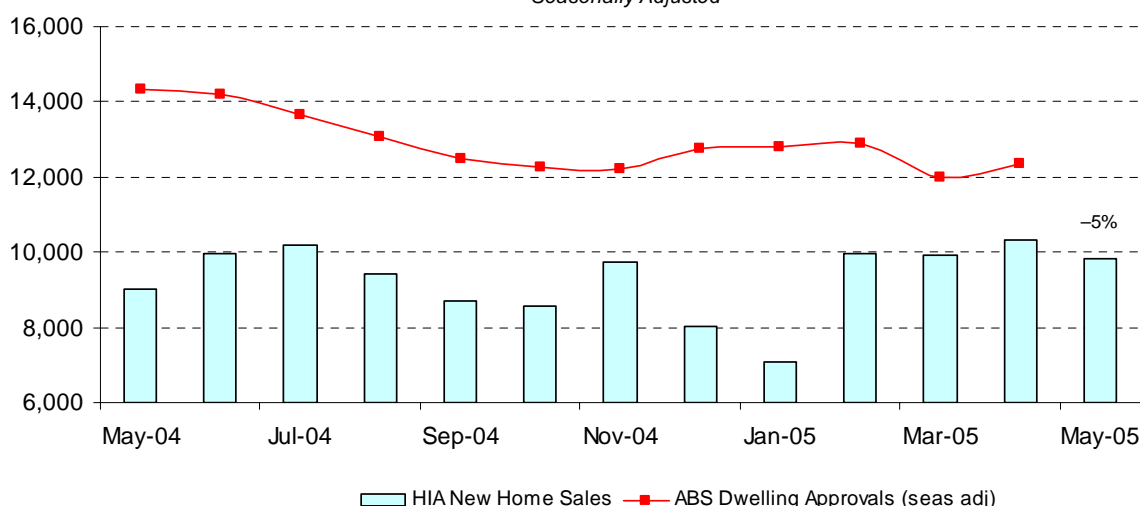
New home sales in May jumped by 40 per cent in New South Wales and increased by 3.5 per cent in Queensland. Sales fell by 7.2 per cent in South Australia, by 5.2 per cent in Victoria, and eased by 1.4 per cent in Western Australia.

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.



New Private Dwelling Sales - Australia

Seasonally Adjusted



Source: ABS 87310 and HIA

For further information please contact:

Harley Dale, Senior Economist, on 0414 994 186

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

***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 or k.lewis@hia.asn.au