

NEW HOME SALES FALL BEFORE RATE RISE

The sale of new homes across Australia has fallen in April, demonstrating the fragile nature of the current recovery in home building activity.

HIA's New Home Sales figures released today show that the sale of new homes and units among Australia's largest builders and developers fell by 6.5 per cent in April to 9,455 dwellings. Sales of new houses fell by 6.9 per cent while the sale of multi-unit dwellings fell by 3.8 per cent.

Australia's peak building industry body, HIA, said that today's figures confirm that the industry is still some way off a sustained recovery, which will keep pressure on the existing housing stock for some time to come.

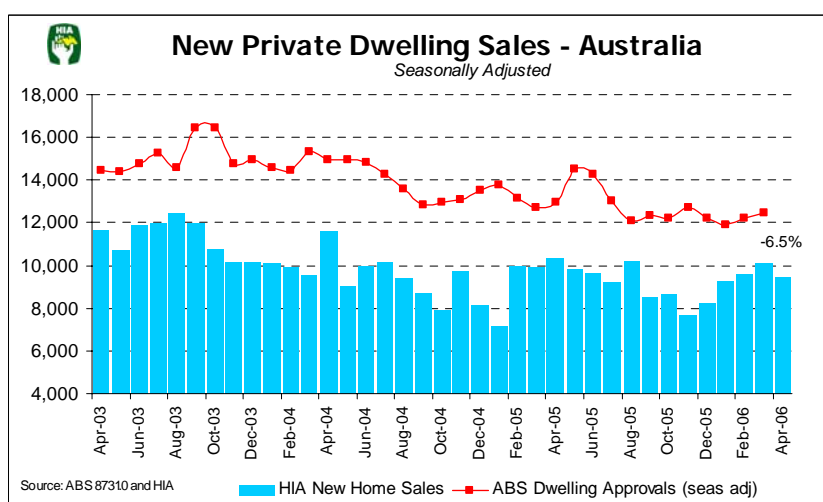
HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that when viewed in light of the latest increase in interest rates, new home sales are unlikely to bounce back in the coming months.

"With builders currently not building enough homes to satisfy demand, this wavering in sales volumes just before the rate rise is of concern," Mr Tennent said

"Earlier in the year the biggest fear among large volume builders was the fear of higher interest rates and their effect on housing sentiment," he added.

"While it's still early days, it's fairly obvious that the latest rate hike at a time of near record low housing affordability will have a dampening influence on the supply of new housing stock which will keep considerable pressure on rental markets through to the end of the year," 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. For the month of April, detached house sales decreased in all states, falling by 13.3 per cent in Victoria, 5.6 per cent in New South Wales, 4.9 per cent in South Australia, 4.7 per cent in Queensland, and 2.6 per cent in Western Australia.



For further information please contact:

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