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## HIGHER RATES EAT FURTHER INTO NEW HOME SALES

The widely anticipated second rate rise in early August took a further bite out of new home sales in the preceding month of July.

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 3.6 per cent in July to 7,507 dwellings – the fourth consecutive monthly decline.

Australia's peak building industry body, HIA, said that the on-going weakness in sales clearly signalled the sensitivity of households to the dual hit received in 2006 from higher rates and rising petrol prices.

HIA's Chief Economist, Mr Harley Dale, said that leading indicators were reinforcing what the medium and large volume building community in Australia had been saying for some time.

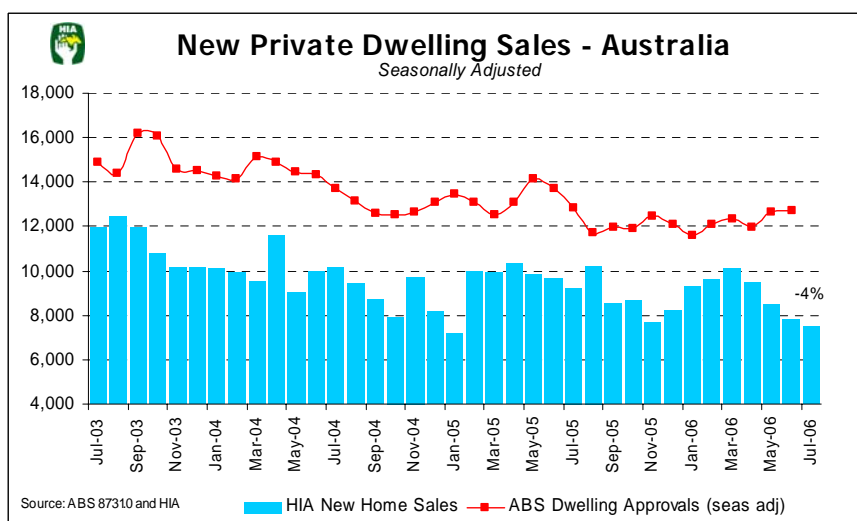
"Higher interest rates are beginning to bite both existing and prospective home owners, long before the full effects of the two hikes this year, much less the ramifications from a proposed third, are felt and become apparent in official updates on new housing," Mr Dale said.

"New private house sales were 4.4 per cent lower in the six months to June this year compared to the same period last year. Private detached house approvals were off by 3.6 per cent over the same period," Mr Dale added.

"Any signs of a much needed recovery in the new house sector were already snuffed out in the first half of this year."

"The further decline in new home sales in July highlights the risk that the higher rate environment already coming through in the second half of the year will lead to another leg down in the new home market at the very time when tight rental markets and a crisis in housing affordability are screaming out for a recovery to emerge."

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 July, detached house sales fell by 24.3 per cent in Western Australia and were down by 13.4 per cent in New South Wales and 13.1 per cent in Victoria. Sales increased by 21.2 per cent in Queensland and by 8.7 per cent in South Australia.



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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 or [k.lewis@hia.com.au](mailto:k.lewis@hia.com.au)