

## HOME BUYERS NOT COMING BACK IN FORCE

The sales of new homes held largely steady in November as the cautiousness of buyers persisted, a reflection of a household sector that has pulled its head in quite a bit from the heady days of the boom years.

HIA's New Home Sales figures released today show that the sale of new homes and units increased by a bare 0.7 per cent in November to 8,754 homes, the third sub 9,000 sales level in a row. Sales of new houses increased by 2.1 per cent, but the sale of multi-unit dwellings dipped by 8.2 per cent.

Australia's peak building industry body, HIA, said that new home sales had generally held up relatively well in 2005, but the level remained consistent with further falls in new building activity next year.

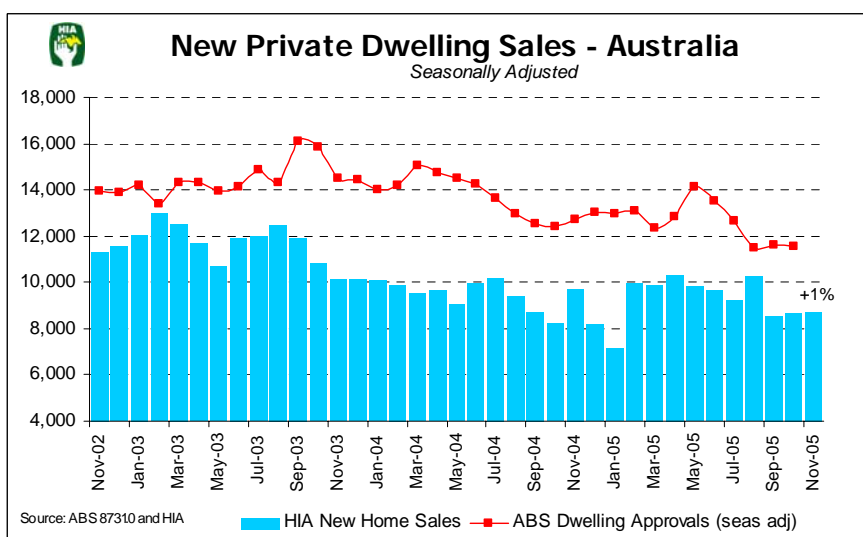
HIA's Senior Economist, Mr Harley Dale, said that today's figures suggested new home sales were holding their own, but at levels still well off the boom times.

"The household sector is grappling with the peaking of the house price cycle, the adjustment of their balance sheets after a period of rampant debt accumulation, higher oil prices in 2005, and now fresh talk of the prospect of another interest rate rise early next year," Mr Dale said.

"In this kind of environment sales interest remains reasonably steady, but subdued, and that is likely to continue into 2006," Mr Dale said.

"Sales certainly haven't fallen off a cliff, well not outside Sydney anyway, and that is very positive. The fact remains, however, that activity is well below the underlying demand for housing as households continue to struggle to break into the residential market in large numbers," Mr Dale added.

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 November, detached house sales increased by 19.3 per cent in Victoria and by 3.9 per cent in South Australia. Sales fell sharply in New South Wales, down 21.5 per cent, and were down by 12.7 per cent in Queensland and 3.7 per cent in Western 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.