

HOME BUYERS WILLING BUT NOT ABLE

Despite an almost universal shortage of new housing stock, high prices and cautious buyers are keeping the lid on the sale of new homes and units across Australia.

HIA's New Home Sales figures released today show that after a significant fall in September, the sale of new homes and units rose by a modest 2.1 per cent in October to 8,969 homes, the third lowest result for the year. Within this headline figure, the sale of new houses rose by 0.5 per cent while the sale of multi-unit dwellings enjoyed a 13.2 per cent rise.

Australia's peak building industry body, HIA, said that while it is pleasing to see improvements in sales numbers across 4 of the 5 surveyed states, historically demand remains subdued as rental markets strain under the weight of buyers who are facing affordability hurdles.

HIA's Chief Economist, Mr Simon Tennent, said that today's figures are another indication of how Australia is building up demand for housing which is likely to keep pressure on prices and rents for the next 12 to 18 months.

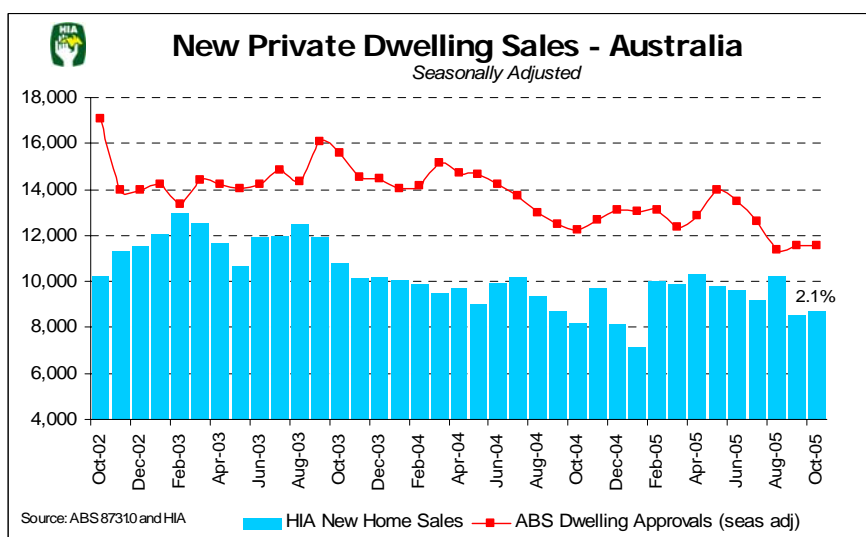
"In this market, prospective new home buyers are willing but not able," Mr Tennent said.

"After a slow winter, the expected bounce in spring sales just hasn't happened as buyers who sat on their hands waiting for price falls and discounts are being disappointed," he added.

"In the meantime, rents are rising and petrol costs are pinching family budgets and eroding savings, making home ownership even more of a dream."

"Bringing down the price of new housing is a long road but one that must be travelled quickly, through immediate reviews of the impost of fees taxes and charges on new development that in some states adds over \$120,000 to the final purchase price," 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 October, detached house sales rose in NSW, up 4.5 per cent, Victoria, up 8.6 per cent, Queensland, up 8.5 per cent, South Australia, up 11.3 per cent. Sales fell in Western Australia, down 1.7 per cent.



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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.