

## NEW HOME SALES LOSE MOMENTUM

After 7 solid months of sales activity, new home sales have dipped in September.

HIA's New Home Sales figures released today show that the sale of new homes and units fell by 16 per cent in September. The sale of new houses fell by 20 per cent while the typically volatile sale of multi-units rose – up 9.4 per cent over the month.

Australia's peak building industry body, HIA, said that as expected, there appears to be no long term sustainable recovery in housing demand, despite the fact that we are not building enough homes to satisfy population growth and household formation.

HIA's Chief Economist, Mr Simon Tennent, said that it pleasing to see sales in New South Wales jumping up for the second consecutive month as many large volume builders in Sydney report modest improvements in enquiries and display home traffic.

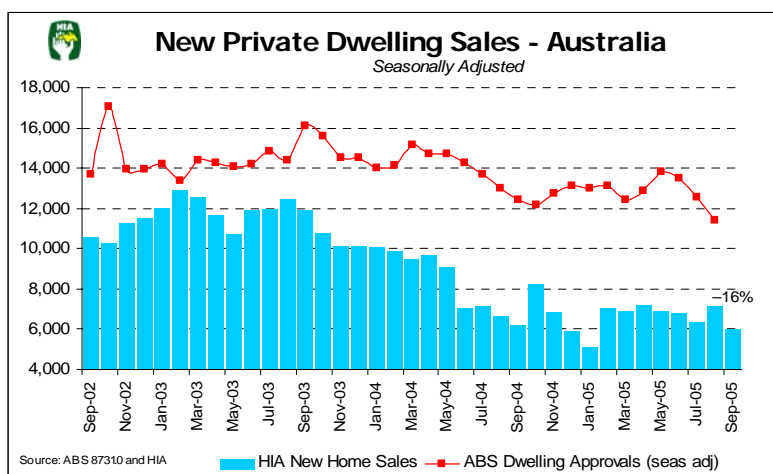
"Elsewhere however, the falls were largely a correction from the good month in August, particularly in Western Australia," Mr Tennent said.

"This period of bumping along the bottom is expected to continue for another year before the affordability and household debt equations start to improve, kick-starting demand again."

"Already there is evidence of consumers paying off debt and winding in discretionary spending however rental markets remain very tight and weekly rents are on the rise which is keeping a floor under house prices."

"With rates on hold and incomes rising, this market could best be described as a stand-off between consumers who want new housing but are taking a 'wait-and-see' approach, versus an industry that is struggling to deliver an affordable product and remain financially viable," 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 September, sales rose in NSW, up 9 per cent. Falls were recorded in WA, down 24 per cent followed by Victoria, down 11 per cent, South Australia, down 10 per cent and Queensland, down 1 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.