

Flat November for New Home Sales

According to the latest Housing Industry Association (HIA) survey of Australia's largest builders, the number of new home sales rose by a bare 0.3 per cent in November as a lack of available finance continued to weigh heavily on the multi-unit sector.

HIA's Chief Economist, Dr Harley Dale, said that the inching up in new home sales in November 2009 reflected a 0.8 per cent lift in detached house sales offset by a 4.9 per cent decline in sales for the multi-unit sector.

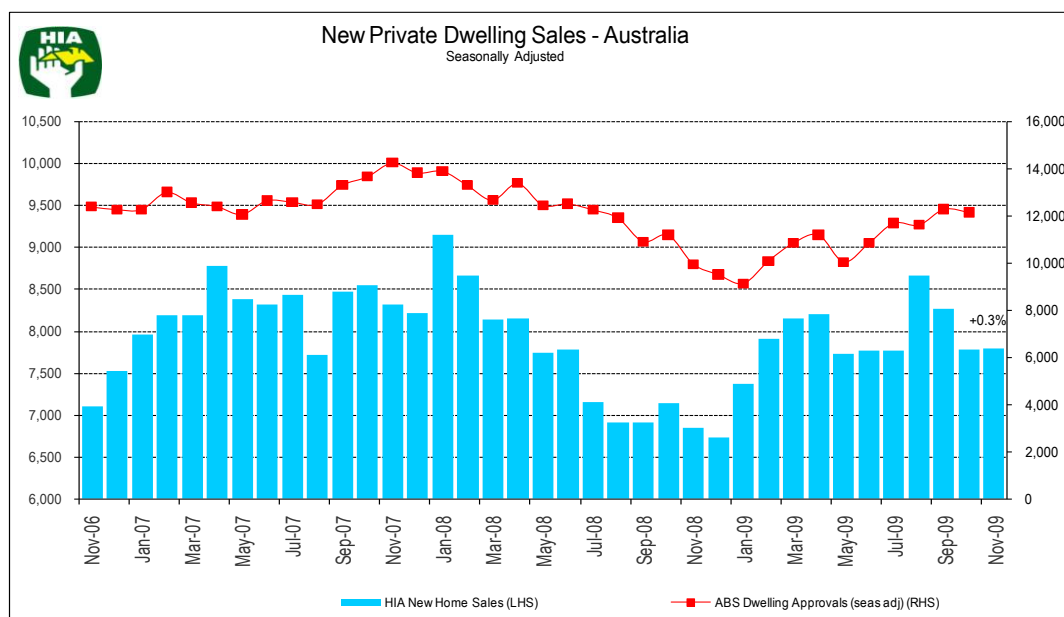
"The very modest result for detached houses signals that sales activity from investors and upgrade owner occupiers is not providing the same strong momentum to volume builders that was evident from first home buyer-related activity.

"The multi-unit sector, meanwhile, continues to look extremely weak as the medium/high density end of the sector faces an on-going lack of available credit. This situation does not auger well for an easing in very tight rental market conditions over 2010.

"Overall, leading indicators are pointing to a recovery in new residential construction in 2010, although today's new home sales result provides a reminder that we still need to see a broader base to this recovery.

"A big question mark hangs over the magnitude and sustainability of the recovery. There are a considerable number of obstacles blocking the prospect of a strong up-cycle in new home building including costly planning delays, the re-emergence of land and skilled labour shortages, and rising interest rates," said Harley Dale.

Detached New Home Sales in November increased by 12.1 per cent in Western Australia and were up by 2.7 per cent in New South Wales and 2.6 per cent in South Australia. Detached New Home Sales fell by 1.8 per cent in Queensland and by 3.5 per cent in Victoria.



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***For a full copy of the New Home Sales Report (media only) or for an annual subscription, please contact Matthew King on (02) 6245 1355 or m.king@hia.com.au