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the voice of the industry

MEDIA RELEASE

28 August 2012

New Home Sales off to a weak start in 12/13

New home sales posted a very disappointing result in July 2012, losing nearly all the modest ground made in late 2011/12, said the Housing Industry Association, the voice of Australia's residential building industry.

The HIA New Home Sales report, a survey of Australia's largest volume builders, showed a decline of 5.6 per cent in July 2012, reflecting a fall of 5.5 per cent in the persistently weak detached housing segment and a 6.4 per cent drop in the multi-unit market.

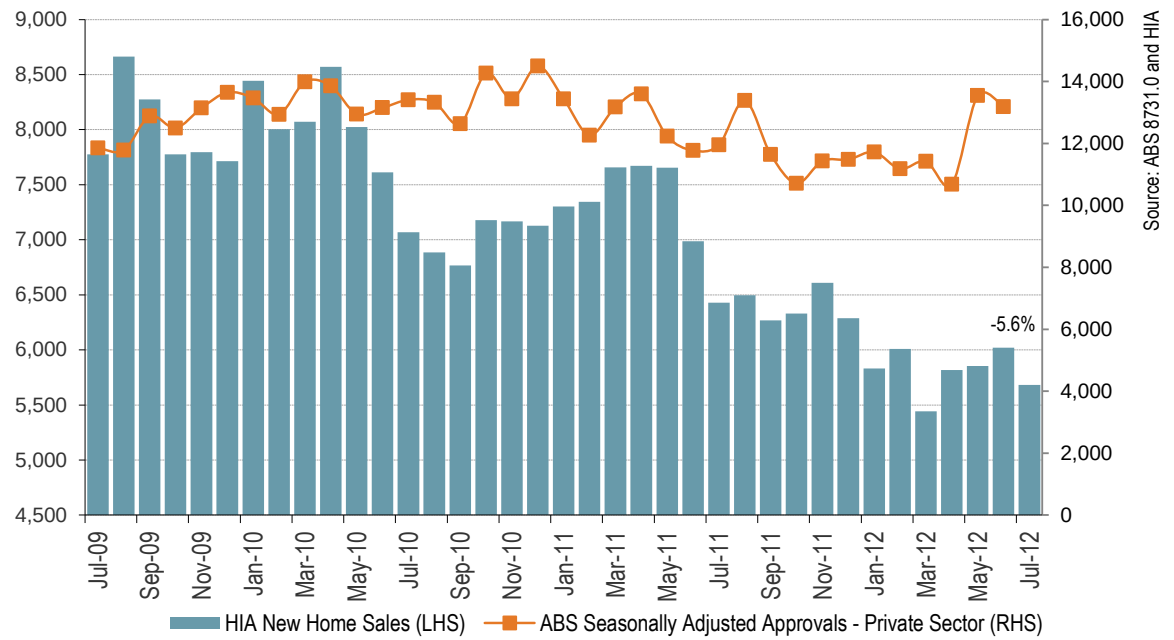
"New home building is the weakest sector of the Australian economy. Despite interest rate cuts in 2011/12, the two updates for this financial year – new home sales and the Australian Industry Group-HIA Performance of Construction Index - both point to deteriorating conditions in July," said HIA Chief Economist, Dr Harley Dale.

"Now is a good time to build a home. Interest rates are lower, it's a very competitive market, and there is less pressure on skilled labour availability," said Harley Dale. "However, consistently weak consumer (and business) confidence is weighing very heavily on new housing investment, far more so than is the case for retail expenditure," said Harley Dale.

"Combine that low confidence with very tight credit conditions and excessive taxation, and you have the unpalatable recipe for the recessionary conditions facing new housing," added Harley Dale. "Leading indicators suggest this situation will persist well into 2012/13."

In July 2012 the number of seasonally adjusted new detached house sales fell by 6.0 per cent in New South Wales, 4.6 per cent in Victoria, 8.9 per cent in South Australia, and 14.4 per cent in Western Australia. Queensland bucked the trend with a rise of 11.1 per cent in July.

PRIVATE NEW DWELLING SALES - AUSTRALIA (SEASONALLY ADJUSTED)



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