

New Home Sales Continue to Climb

New home sales rose for a second consecutive month in February according to the latest survey by the Housing Industry Association (HIA), Australia's largest building industry association.

"The project home building market is gaining much-needed stimulus from low variable mortgage rates and from the boost to the First Home Owners Grant," said HIA Chief Economist, Dr Harley Dale.

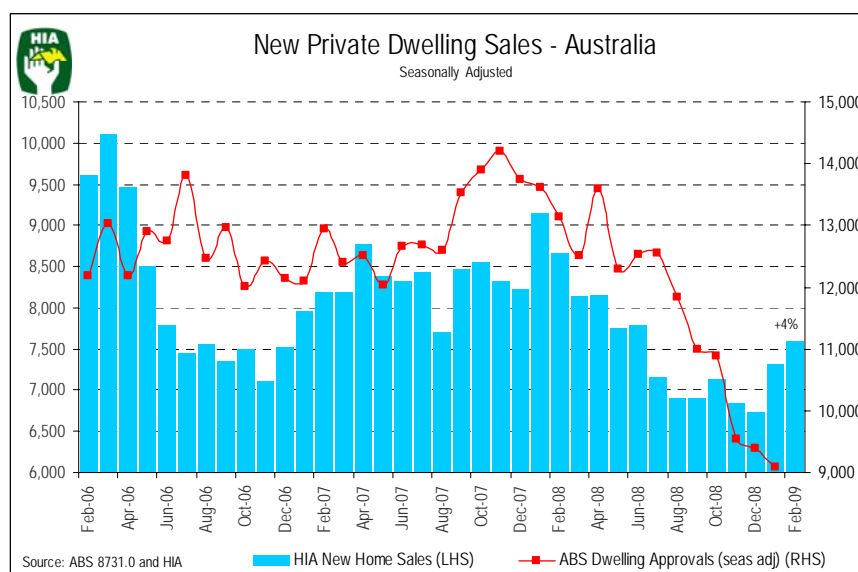
Total new home sales increased by 3.9 per cent in February 2009. Detached home sales increased by 4.7 per cent in the month and were up by 8 per cent over the three months to February.

"The number of detached home sales of large volume builders has been trending higher for five months now. This is evidence that the tripling of the FHOG is working in generating new home building activity and employment," said Harley Dale.

"At the same time pre-contract sales of apartments and home units fell for the fifth consecutive month in February (down 3.4 per cent) as residential investors remained wary and the credit crunch continued to exert a large constraint on activity," remarked Harley Dale.

"It is important to consider incentives to boost the supply of investment as well as owner occupier housing stock to ensure the number of private rental dwellings is increased. Rental market conditions are extremely tight and the shortage of housing stock is placing ever-increasing pressure on those households within the private rental market," added Harley Dale.

For the month of February detached New Home Sales increased by 21.7 per cent in Queensland and were up by 11.1 per cent in New South Wales and by 4.2 per cent in Western Australia. Sales fell moderately in Victoria, down by 5.6 per cent following a 24 per cent lift over the previous two months. Sales fell by 3.9 per cent in South Australia after a jump of 25 per cent in January. Detached home sales were up over the three months to February 2009 in New South Wales, Victoria, and South Australia.



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