

24 March 2009

Housing Shortages Persist

HIA, Australia's largest building industry association, says the tripling of the First Home Owners Grant for new housing is not only necessary to support employment and economic growth but essential in meeting the massive undersupply of housing in Australia.

HIA's Chief Executive - Association, Chris Lamont, said that the First Home Owners Boost for new dwellings was providing an important stimulus for employment and small businesses within the residential construction sector at a time when there was a yawning gap between the level of new home building and the underlying demand for housing.

"The focus of housing policy needs to rest firmly on providing incentives to increase the supply of housing and the tripling of the FHOG is helping achieve this," Chris Lamont said.

"Supply-boosting incentives need to extend to investment in the private rental sector as well. Rental vacancy rates remain extremely tight. The shortage of housing stock is continuing to put ever-increasing pressure on those households within the private rental market," added Chris Lamont.

The National Housing Supply Council report released earlier this month highlights the massive shortage in housing across Australia. The report quantifies the gap between supply and demand from would-be-home-owners and renters.

"The report estimates that gap to be 85,000 dwellings as of June 2008 and projects that gap to grow significantly to 203,000 by 2013. Pessimistic projections on house prices, have failed to understand a rather elementary economic principle, price for any good will tend to rise when demand exceeds supply," said Chris Lamont.

HIA has highlighted the more than a decade of increases in transaction and associated taxes and charges on new property as a major factor contributing to an artificial restriction on the supply of new housing.

"As the Supply Council report confirms there is a chronic housing shortage. Unless more incentives and assistance are provided to increase the supply of housing, we will again see a rapid increase in house prices in the not too distant future," Chris Lamont.

For further information:

Chris Lamont

0414 765 040

Harley Dale

0414 994 186