

# Collapse in new homes

## Shelley Hadfield

NEW home construction is tipped to fall 17 per cent in Victoria this financial year.

But the Housing Industry Association says its forecast is not all bad news, with the state coming off record highs.

HIA chief economist Harley Dale said the forecast for a 17 per cent drop in construction of new homes to 46,980 houses in 2011/2012 would still see Victoria in a healthy position.

In 2012/2013, there is expected to be a further 2 per cent fall, with construction beginning on 46,100 new homes.

## Construction tipped to fall by 17pc, says HIA

In the past 10 years, the state average has been about 42,000 homes, Dr Dale said.

The forecast is detailed in the winter edition of HIA's National Outlook, to be released today.

Nationally, the outlook was much worse, Dr Dale said, with a forecast 15 per cent fall in the number of new homes being started in 2011.

HIA tips that Australia-wide, the fall for the two

years from 2010/2011 to 2011/2012 will be 13 per cent.

"Nationally things look a lot worse than they do for Victoria, even though the decline is smaller," he said.

"Australia-wide, we have been building fewer homes than we need for a few years now. It's quite a soft outlook for Australia as a whole — one that does concern us," Dr Dale said.

"Excluding the two recessionary years for new home

building around the GST and the GFC (global financial crisis), this would be the weakest level of starts since the mid-1990s," he said.

HIA says the Federal Government needs to look at short-term measures to boost new home building.

There was a 55 per cent clearance rate as 419 properties went under the hammer in Melbourne at the weekend.

Real Estate Institute of Victoria spokesman Robert Larocca said it was providing buyers with greater opportunity to get into the market.

"We are not seeing any substantial price falls," Mr Larocca said.

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## FIRST BUYERS SEEK VALUE FOR MONEY

A SMALL suburb in Melbourne's northwest is the city's top auction performer, defying trends of dwindling sales.

Westmeadows had the biggest under-the-hammer surge of all suburbs this year.

Real Estate Institute of Victoria figures show 77.5 per cent of homes auctioned in Westmeadows in the first six months of 2011 have sold — up from 64.4 per cent in the same period last year.

Others to defy the trend are Chadstone and Donvale in the east, South Morang in the north, Albert Park and Aspendale Gardens in the south, Taylors Lakes in the northwest, and Ivanhoe East in the northeast.

The REIV's Robert Larocca said Melbourne clearance rates had dropped from 78 per cent to 59 per cent this year with buyers focused on good value.

— Evonne Barry