

Housing shortage set to intensify

By finance reporter Lexi Metherell (ABC News 20/07/10)

The housing shortage looks set to worsen with the amount of residential land sold falling for a second consecutive quarter.

Figures from the Housing Industry Association and RP Data show the volume of land sales in the March quarter was down 40 per cent on the same period a year earlier.

HIA economist Matthew King says that suggests the recovery in the home building sector will not be as solid as had been hoped.

"We're simply not building enough houses at the moment, if we continue to see land sales volumes at such a low level, that shortage of dwellings in Australia, the housing shortage that we have at the moment, will only intensify," he said.

He says the fall has been fuelled by the phasing out of the fiscal stimulus to the housing sector and rising interest rates.

However, he also says infrastructure levies in certain states and the lack of credit available to small developers are also hampering residential land sales.

"These constraints, until they're remedied, it will be difficult to get land sales volumes back up to a efficient and desirable level."