the voice of the industry

MEDIA RELEASE

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Home Price Growth Continues at Sustainable Rate

Latest ABS data show that dwelling prices continued to rise at a sustainable rate during the December 2014 quarter, said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

During the December 2014 quarter, dwelling prices as measured by the ABS Residential Property Price Index (RPPI) increased by 1.9 per cent on the previous quarter. Compared with the same period twelve months earlier, home prices were 6.8 per cent higher. Established house prices increased by 7.0 per cent over the past year, with other types of dwelling seeing growth of 6.1 per cent.

"Today's ABS figures show that dwelling price growth is now comfortably sustainable," commented HIA Senior Economist Shane Garrett.

"In inflation-adjusted terms, the rate of home price growth is now around 5 per cent annually," Shane Garrett explained. "This is exactly the kind of home price growth that prevails over the long term. Australian home price growth is now striking the right balance," Shane Garrett pointed out.

"The housing industry has played a vital role in bringing price growth onto a more even keel," Shane Garrett remarked. "During 2014, new home commencements reached the highest level on record. This has been a vital factor in assisting housing affordability, as well as providing crucial support for demand in the domestic economy," Shane Garrett added.

"We need to ensure that new home building is allowed to make a full contribution to improving affordability and living standards in the economy. The current design of taxation in the residential construction sector is not consistent with this goal. We need to see greater urgency in terms of easing the tax burden on new housing, and we look forward to potential remedies being included in the forthcoming Tax White Paper," concluded Shane Garrett.

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