

media release



09/07/10

Housing crisis to continue because of credit crunch

A recent Master Builders survey has revealed that nearly 45 per cent of residential builders' clients have cancelled or postponed projects this year because they could not secure finance.

Executive Director Brian Welch said the survey illustrated the damage tight lending practices were continuing to have on housing affordability.

"Victoria has an undersupply of 29,000 homes and we're currently building 5,000 too few homes per year to meet that demand," said Mr Welch.

"If Victorian families are unable to secure finance to build their first home, then this undersupply will worsen.

"When builders were asked if their ability to access credit over the past three months had changed, five per cent reported an improvement while 24 per cent reported a deterioration.

"Our members are telling us that many residential projects are not getting off the ground because banks were unwilling to lend to homebuyers.

"Despite 32 per cent of builders reporting an increase in customer inquiries over the past three months, many were not developing into actual projects due to credit access problems.

"For those clients who are able to secure finance, it's taking them more than five weeks on average to do – and time is money.

"A further 24 per cent of the builders said they also had difficulty accessing credit themselves. A third of builders reported that this was because lending requirements had tightened.

"If Victoria is to overcome the housing crisis over the year ahead, banks will need to lift their game.

Master Builders *Building Trends* eSurvey is done quarterly to gauge the business activity, financial situation and outlook for Victoria's builders.

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