

25 August 2010

## New Home Building Surges

The Housing Industry Association, the voice of Australia's residential building industry, said ABS figures released today confirmed that the first stage recovery in new home building is starting to flow through to real building activity.

HIA Senior Economist, Andrew Harvey, said that new residential building work done rose by 7.7 per cent in the June 2010 quarter.

"This impressive outcome is what we have been expecting for some time now as work in the pipeline has been accumulating in recent quarters but until today has not been reflected in actual work done," Andrew Harvey said.

"Excluding alterations and additions, new residential building is up 8.7 per cent in the June quarter 2010, which is the fastest rate of growth since the September quarter 2001," Andrew Harvey said.

The volume of work done on major alterations and additions rose for a fourth consecutive quarter in June 2010, up by 1.8 per cent, although the rate of growth has slowed relative to earlier quarters.

"The surge in building activity is on the back of the earlier fiscal stimulus and low interest rates, but tells us little about whether the recovery in residential building will be sustained in the longer term now that the stimulus has been largely withdrawn," Andrew Harvey said.

"In the short term the building outlook is promising with around \$27 billion worth of total residential building in the pipeline, which is the highest level since September 2008," Andrew Harvey said.

"However, to ensure that this work in the pipeline does translate in a timely manner to new homes on the ground, the Commonwealth Government (whoever it comprises) will need to work closely with state, territory and local governments to address significant supply-side constraints.

This needs to include efforts to reduce or remove inefficient taxes such as stamp duties as well as significant reforms to speed up current planning approval processes which in some cases move at a geological pace", Andrew Harvey said.

Without these reforms it is far from clear that once the current pipeline of work unwinds there will be sufficient work to sustain any recovery in the number of new homes being built.

In the June 2010 quarter, seasonally adjusted new residential work done increased by 7.5 per cent in New South Wales, 8.9 per cent in Victoria, 4.6 per cent in South Australia, 0.2 per cent in Tasmania, 11.5 per cent in Queensland, 5.3 per cent in Western Australia, and 7.2 per cent in the Australian Capital Territory. In original terms new residential work done was 12 per cent higher in the Northern Territory compared to the June quarter of last year.

**For further information please contact:**

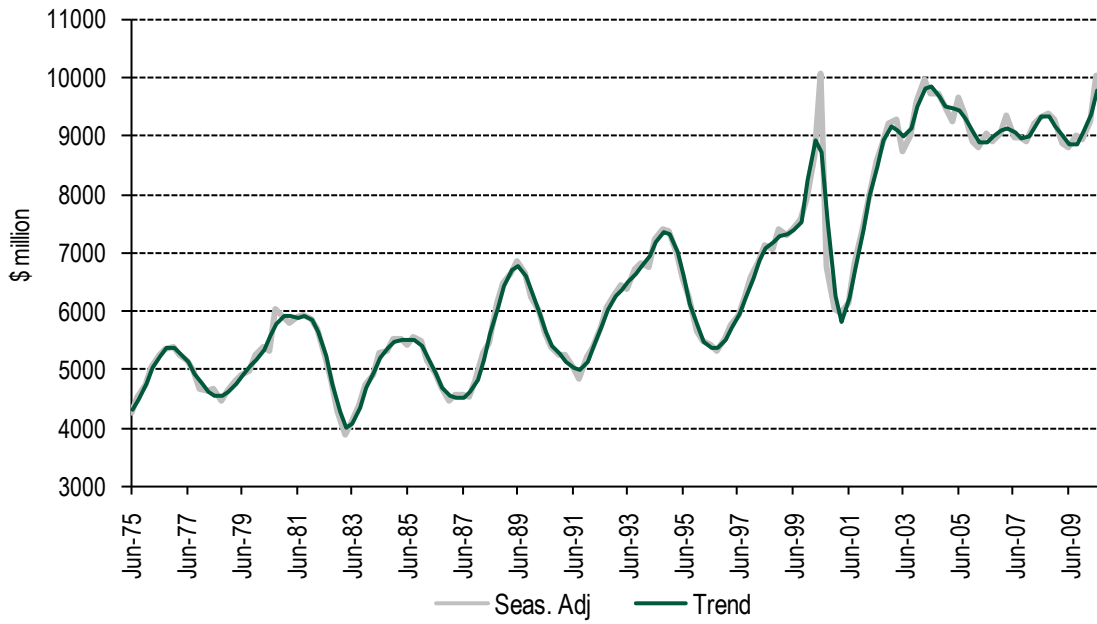
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## Total New Residential Building Work Done

Source: ABS



## Work in the pipeline

Source: ABS

