

16 June 2010



## Modest Rise for Home Starts, says HIA

ABS Dwelling Commencements (housing starts) posted a modest increase in the March 2010 quarter said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

HIA Chief Economist, Dr Harley Dale said that total housing starts increased by 4.3 per cent in the first quarter of 2010 to an annualised level of nearly 170,000. HIA's forecast was for a 4 per cent rise.

"There was a strong burst in 'Other Dwelling' starts in the March 2010 quarter, a result no doubt aided by the Federal Government's Social Housing Initiative," said Harley Dale.

"The level of detached house starts, while considerably healthier than during the GFC period, fell by 2.1 per cent in the March quarter.

"The strong run up in building approvals through to early 2010 is not translating into new home starts as quickly as is desirable. The conversion rate for approvals to starts fell below the long term average to sit at 94 per cent in the March quarter.

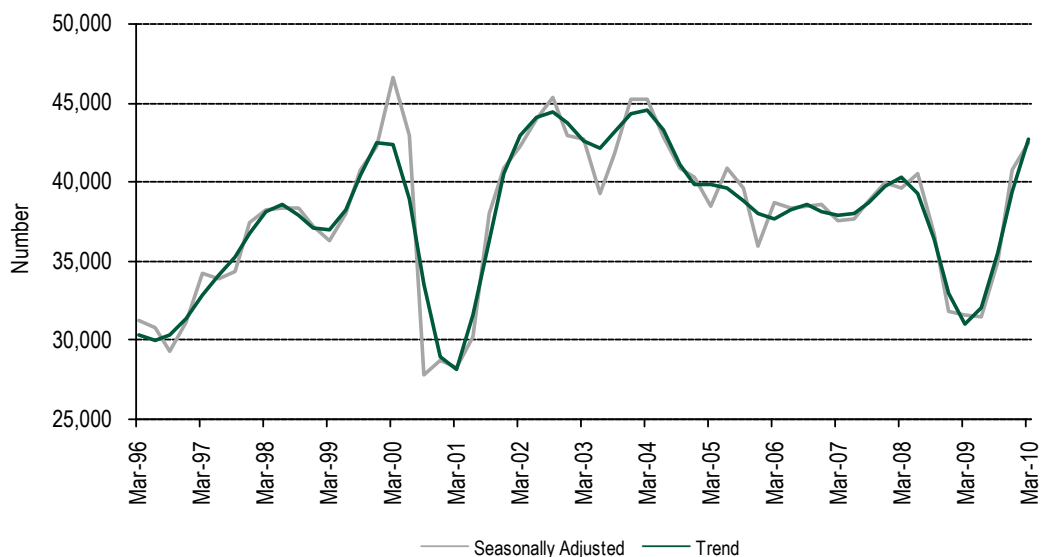
"The unjustifiably tight credit conditions for residential development, uncertainty about the magnitude of rate rises in 2010, and some approvals simply being 'reissued' with no firm plan for commencement all contributed to what is overall a soft first quarter update for new home building.

"HIA continues to expect a relatively healthy rise in housing starts in the 2009/10 financial year, albeit off a very low base. However, a positive outlook for 2010/11 and beyond is far from assured amidst considerable supply side obstacles which in this cycle have been added to by a dire lack of available finance for development," Harley Dale said.

The number of housing starts (including conversions) in the March 2010 quarter grew by 9.3 per cent in New South Wales, 9.4 per cent in Victoria, 10.5 per cent in South Australia, and 12.1 per cent in Western Australia. With the exception of WA these results primarily reflect a strong quarter for 'Other Dwelling' starts. Housing starts fell by 3.3 per cent in Queensland, 2.9 per cent in Tasmania, 6 per cent in the Northern Territory, and 40.2 per cent in the Australian Capital Territory.

### Total Dwelling Starts – Australia

Source: ABS 8750

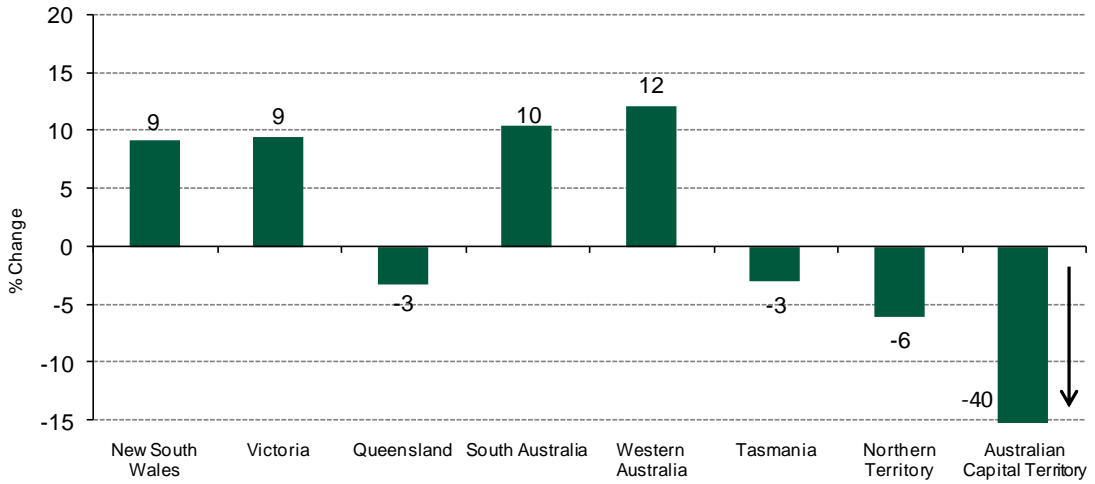


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## Change in the Number of Housing Starts, March 2010 qtr

Source: ABS 8752; HIA



## Total Conversion Rate

Source: ABS

