



MEDIA RELEASE

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SOFT ACTIVITY IMPROVES TRADE AVAILABILITY

Further softening in home building and renovation activity over the past three months has improved the availability of construction trades.

Figures released today from the HIA-Austral Bricks Trades Report for the June quarter 2006 confirm reports from HIA members who stated recently that trade availability is less of a constraint on supply, although a shortage of good quality trades is keeping trade rates high.

Australia's peak building industry body, HIA, said that there are still considerable differences from state to state with improvements in Melbourne, Adelaide, regional New South Wales, regional Queensland and regional Western Australia only just offsetting a tightening in supply across the rest of Australia.

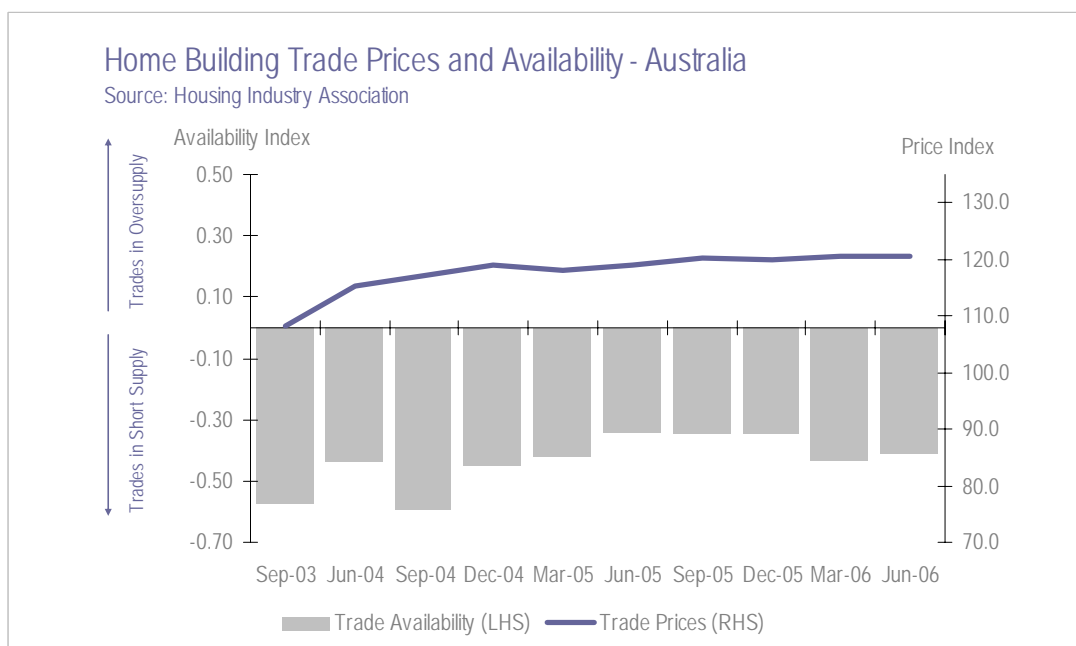
HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that Perth and regional Western Australia continue to face pressure with prices rising 3.5 per cent and 2.8 per cent respectively, and interestingly Sydney has seen a deterioration in availability, most likely as a result of many seeking work outside of the soft Sydney market.

"The future for trade prices and availability is positive due to the unfortunate side effects of higher interest rates," Mr Tennent said.

"With every likelihood of another interest rate rise next month, the predicted slow recovery in residential building will be delayed as with each 0.25 per cent interest rate rise, \$2 billion is taken out of Australian homebuyers pockets per annum," Mr Tennent said.

"Moreover, the effect of a possible second interest rate rise before the end of the year will well and truly offset the \$9 billion in tax cuts delivered in the recent budget, further dampening prospects for home builders and the thousands of small, medium and large businesses within the building material manufacturing and supply industries," he added.

The largest trade rate falls were in the trades of joinery (down 7.8 per cent), painting (down 5.0 per cent), plastering (down 4.5 per cent), bricklaying (down 3.8 per cent) and electrical trades (down 1.3 per cent).



HIA Trade Contractor Price Index - by Trade

(Sep 02 All Trades, All Regions = 100)

	Sep-02	Jun-03	Sep-03	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Qtly Change	Annual Change
Bricklaying	89.6	78.2	101.8	87.2	96.8	102.3	105.4	106.9	109.6	110.4	109.7	105.5	-3.8%	-1.3%
Carpentry	80.0	86.5	90.1	97.3	94.7	104.8	105.2	102.2	105.8	104.5	112.3	112.8	0.5%	10.3%
Ceramic Tiling	105.8	98.2	124.0	118.3	112.9	111.5	109.4	108.4	113.2	116.1	112.9	120.5	6.7%	11.1%
Electrical	118.8	118.0	127.1	130.3	139.5	145.9	142.3	141.6	146.6	148.8	150.9	148.8	-1.3%	5.1%
General Building	89.5	93.0	102.1	110.0	114.1	107.9	110.2	114.2	114.4	116.1	116.3	120.7	3.7%	5.6%
Joinery	114.7	117.0	128.0	129.2	120.1	121.2	118.6	125.4	129.0	127.5	129.0	119.0	-7.8%	-5.1%
Landscaping	101.5	103.4	106.2	114.7	119.1	116.3	111.9	115.5	110.4	111.4	114.6	121.3	5.8%	5.0%
Other Trades	116.2	136.7	128.0	139.5	141.1	129.3	129.1	123.8	122.0	124.0	122.1	125.7	3.0%	1.6%
Painting	87.0	86.7	94.7	94.9	97.5	101.8	95.3	101.7	94.7	97.3	105.7	100.5	-5.0%	-1.2%
Plastering	77.5	102.3	97.7	107.3	104.6	109.6	107.7	99.2	102.3	104.2	108.3	103.4	-4.5%	4.3%
Plumbing	115.3	118.9	127.2	132.3	143.0	144.0	151.3	155.3	147.3	142.6	139.9	146.4	4.6%	-5.7%
Roofing	104.4	121.8	113.9	123.7	113.2	124.2	121.6	135.5	123.8	119.1	118.4	122.1	3.1%	-9.9%
Site Preparation	110.7	97.3	126.5	107.7	115.8	123.4	121.6	124.0	117.7	114.1	119.7	124.8	4.3%	0.6%
All trades	100.0	102.5	108.3	115.3	117.2	118.8	118.1	118.8	120.2	119.9	120.5	120.4	-0.1%	1.3%

HIA Trade Contractor Price Index - by Region

(Sep 02 All Trades, All Regions = 100)

	Sep-02	Jun-03	Sep-03	Jun-04	Sep-04	Dec-04	Mar-05	Jun-05	Sep-05	Dec-05	Mar-06	Jun-06	Qtly Change	Annual Change
Sydney	110.8	115.7	122.1	126.8	120.0	128.3	128.1	127.8	125.5	124.0	123.0	125.5	2.0%	-1.8%
Regional NSW	90.4	95.2	102.7	109.6	121.8	112.8	112.8	110.8	116.1	111.6	114.5	109.1	-4.7%	-1.6%
Melbourne	103.5	99.7	115.3	113.6	115.8	113.9	119.6	117.5	116.3	117.5	112.9	112.9	0.0%	-4.0%
Regional Vic	95.1	112.7	92.7	119.3	102.4	99.3	94.7	99.3	104.5	101.2	95.5	99.9	4.6%	0.6%
Brisbane	96.0	100.3	109.4	115.3	129.4	127.1	125.9	120.0	121.6	121.7	120.3	123.3	2.5%	2.7%
Regional QLD	97.5	97.9	106.6	111.5	111.1	110.4	114.6	118.9	114.9	118.5	118.8	112.9	-4.9%	-5.0%
Adelaide	94.7	112.2	106.9	123.5	102.9	115.5	108.1	135.6	129.0	125.3	115.1	114.4	-0.7%	-15.6%
Regional SA	88.5	96.5	97.6	106.2	110.1	106.1	105.4	108.5	113.1	111.6	103.9	112.3	8.1%	3.5%
Perth	94.5	99.9	103.5	111.9	111.6	118.8	117.8	118.5	120.8	119.3	120.3	124.5	3.5%	5.1%
Regional WA	94.0	99.9	99.9	107.5	119.4	136.4	139.4	133.3	136.4	134.0	135.2	138.9	2.8%	4.2%
All of Australia	100.0	102.5	108.3	115.3	117.2	118.8	118.1	119.0	120.2	119.9	120.5	120.4	-0.1%	1.2%

Note to Editors

The HIA-Austral Bricks Trades Report is a quarterly measure of trade prices and availability on a capital city and rest of state basis for 13 different trade categories in the 5 largest states. The data is sourced each quarter from a sample of HIA builder and contractor members. The price series is the current charge out rate minus GST and materials. The data is weighted and expressed in terms of an index (with base of 100 being the weighted average price for all trades in all regions in September 2002). The trade availability measure is derived from a question asking members about the availability of their particular trade in their particular region. There are five possible responses ranging from critical short supply to massive oversupply. A net balance method is used to derive the single measure. For a full copy of the HIA-Austral Bricks Trades Report (media only), please contact Kirsten Lewis on (02) 6245 1393

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