

14 September 2009

HOME BUILDING SET TO RECOVER

Australia's housing industry is set to recover according to the Housing Industry Association, Australia's largest building industry organisation.

Commenting on its latest National Outlook report, HIA's Chief Economist, Dr Harley Dale said that the number of new home starts in Australia would increase by more than 20 per cent over the next two years.

"The reasons for the recovery are well known -- low interest rates, first home incentives, and a massive boost for social housing. And with consumers feeling more confident about job security and the general economy, new home building and renovation activity will benefit.

"There are early signs of trade-up buyers returning to the market. But to date, investors have tended to do more selling than buying.

"Since October 2008, when the first home grant was boosted, lending commitments to build new houses have increased by about 60 per cent. But local government permits to build new houses have increased by a much more modest 20 per cent, indicating there is a lot of new building work to come into the pipeline.

"On a regional basis, the biggest gains in home building are expected in New South Wales (from an extremely low base), followed by Victoria and Western Australia.

"The pick-up in residential building will be joined by an expansion of construction expenditure on mining projects, ports, water, transport, energy supply and communications, renewing pressures on the demand for skilled labour.

"The notice period is not that long, which makes the current review of Australia's immigration program very timely. With the construction industry in the United States and the United Kingdom still in the doldrums, additional efforts need to be made to attract skilled labour into Australia's construction industry.

"In addition, further initiatives are required to improve the retention of apprentices before the recovery in building takes hold," said Dr Dale.

For further information please contact:

Harley Dale, Chief Economist 0414 994 186
Ben Phillips, Senior Economist 0424 147 321

Housing Industry Association Limited
ACN No 004 631 752