

## Housing Report Card Highlights Ongoing Supply Pressures

Australia's most comprehensive report card on the new housing industry has again highlighted the current difficulties in putting an affordable house or unit on the ground.

Commenting today on the release of the March 2007 quarter *HIA National Outlook* publication, HIA Executive Director of Housing and Economics, Mr Simon Tennent, said that record low housing affordability presented a massive constraint to a housing recovery and confirms the urgent need for a collaborative effort at all levels of government.

"HIA's latest forecasts released today predict that with affordability stuck at record lows, we face another two years of below par levels of home building," Mr Tennent said.

"Based on the latest population and immigration numbers, Australia needs approximately 160,000 new homes added to the stock each year, which sadly is a level that we have not got near since 2003," he added.

"This build-up in unmet demand has not let up in 2007, tightening rental markets further and putting added pressure on the existing stock of dwellings as demonstrated recently with established prices rising in all cities except Sydney."

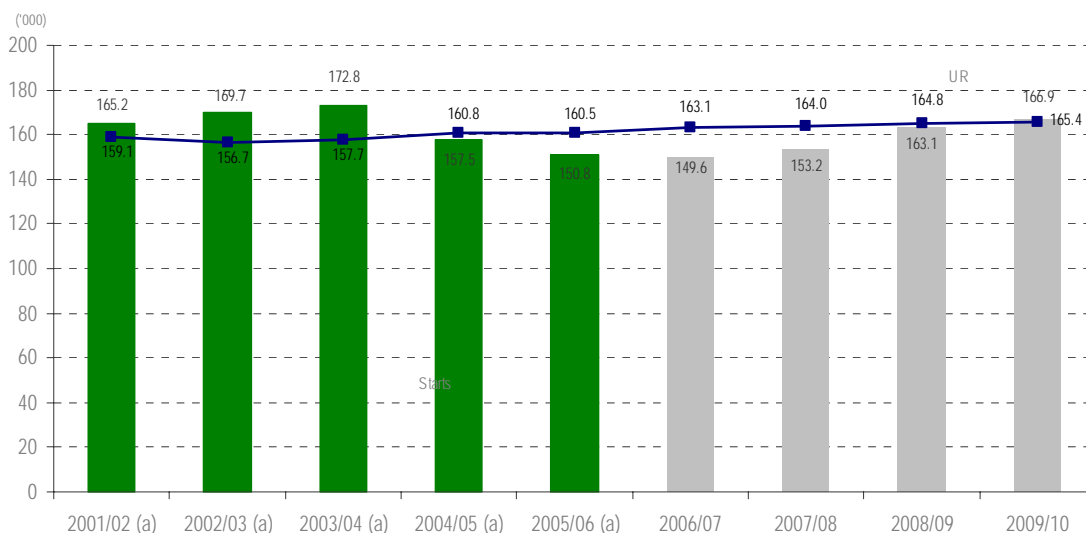
"For the immediate future, any further hike in mortgage rates in 2007 will derail the chances of a recovery in the short term, and dampen the flow of private investment in rental housing which remains 30 per cent below its peak."

"We have retained our forecast for a 1 per cent decline in housing starts over the current financial year followed by growth of 2 per cent in 2007/08. Starts are forecast to increase by a further 8 per cent over 2008/09 – 2009/10 to a level of 166,870."

"On the renovations front, total spending is forecast to exceed the \$30 billion mark for the first time in 2009/10."

"Steady rates, together with a concerted effort on the part of all levels of government to address the crisis in affordability, would allow for a slow return to growth for new housing that should pick up momentum over 2008/09," Mr Tennent said.

Underlying Requirement for Housing vs Actual and Forecast Dwelling Starts - Australia



- Ends -

**Note to Editors**

1. HIA's State and National Outlook publications are a comprehensive quarterly roundup of key housing indicators on a state by state and National basis. There are nine reports in the set.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, the National Centre for Vocational and Education Research, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For a copy of the full 80 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393 or [k.lewis@hia.com.au](mailto:k.lewis@hia.com.au) Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

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