

A Moderate Recovery for Housing in 09/10

The HIA National Outlook, Australia's most comprehensive report card on the residential sector, signals a recovery for the housing industry over 2009/10.

Commenting today on the release of the March 2009 quarter *HIA National Outlook* publication, HIA Chief Economist, Dr Harley Dale, said that substantial fiscal stimulus and large interest rate reductions will see new home building grind out a recovery from mid 2009.

"The First Home Owner Boost, the lowest mortgage rates since the late 1960's, and the housing components of the Federal Government's Nation Building and Jobs Plan will combine to generate a moderate recovery in residential activity," Harley Dale said.

"This recovery will be heavily constrained by economic uncertainty and rising unemployment," said Harley Dale.

The number of housing starts is forecast to fall by 17 per cent in 2008/09 to a level of 132,000 before growing by 11 per cent over the subsequent two years.

"Given the outlook for a modest rather than significant recovery in new home building, the shortfall between dwelling completions and underlying demand will exceed 50,000 dwellings per annum for some years to come," Harley Dale said.

"Even in the absence of the current troubled economic times, the perennial obstacles of inadequate land supply, insufficient skilled labour, and excessive taxation of new housing remain far from resolved," added Harley Dale.

The renovations sector, which accounts for 47 cents in every dollar spent in the housing industry, is holding up well.

"Following a steady 2008/09 we are forecasting an increase in total renovations investment of 6 per cent over 2009/10 - 2010/11."

"Renovations activity hit a record worth of nearly \$31 billion in 2007/08 and our forecast is for the value to be well on the way to \$33 billion in 2010/11."

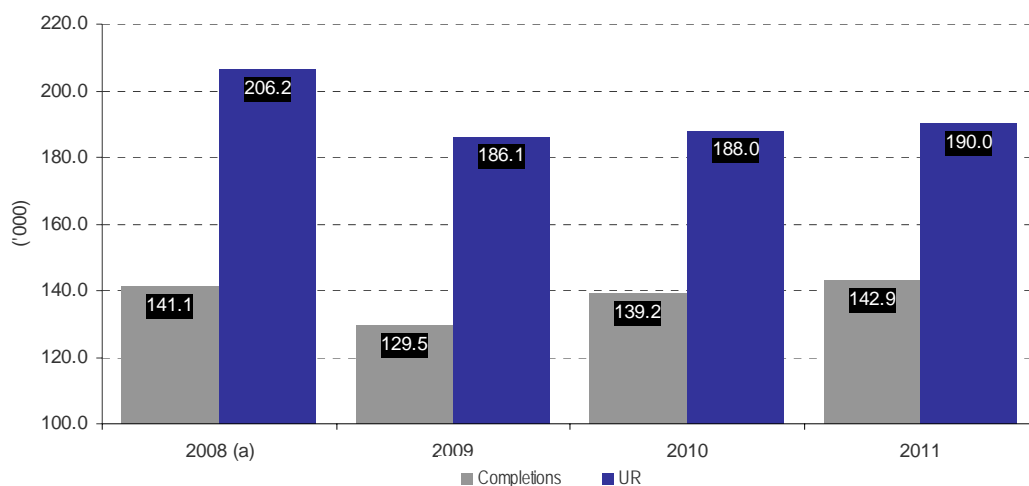
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Underlying Requirement for Housing vs Dwelling Completions - Australia

Source: ABS, HIA



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, Australian Property Monitors, RP Data/Rismark, and HIA's own datasets.
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 Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>