

28 June 2010



HIA Housing Report Card – Recovery to Stall

All indications are that the new home building recovery will stall in 2011 says the Housing Industry Association (HIA), the voice of Australia's residential building industry.

The HIA's quarterly National Outlook Report highlights a healthy first stage new home building recovery that will run out of steam by mid next year.

"It is not too late to turn the situation around through policies targeted at new home building combined with more rapid progress in reducing structural supply side barriers," said HIA Chief Economist, Harley Dale.

"The empirical data, observations on the ground, and the slow progress in reducing supply side obstacles all currently point to the first increase in housing starts in eight years in 2010 reverting back to a decline in starts in 2011," Harley Dale said.

Housing starts are forecast to increase by 20 per cent in 2010 to a level of 165,940, before falling back by 3 per cent in 2011.

On a financial year basis, the number of housing starts is forecast to increase by 22 per cent in 2009/10 and 2 per cent in 2010/11 to reach a level of 162,600. Starts are forecast to be flat in 2011/12.

"Australia needs to build over 190,000 dwellings in 2010 alone to meet underlying demand and over the next ten years we need to build 420,000 dwellings more than we built over the last decade," said Harley Dale.

"A failure to build sufficient homes is placing huge pressure on rental markets and is making it very difficult for younger Australians who aspire to home ownership to achieve that goal. If the current recovery peters out as soon as the positive impact from past stimulus has gone, then the pressure on renters and the wider entry level market will intensify further."

"Meanwhile the renovations sector is looking healthier with three consecutive quarters of growth through to March this year. Total renovations hit a new quarterly record in March 2010," said Harley Dale.

"Improving labour market conditions and existing home price gains are forecast to see the total worth of the renovations sector increase by 7 per cent in 2009/10. Growth of 4 per cent is forecast in each of the subsequent two years, taking renovations activity to a worth of \$36.4 billion in 2011/12."

"The recovery in the renovations sector includes signs of growth in major alterations and additions which encompasses structural extensions, an important component of the overall housing industry," added Harley Dale.

For further information please contact:

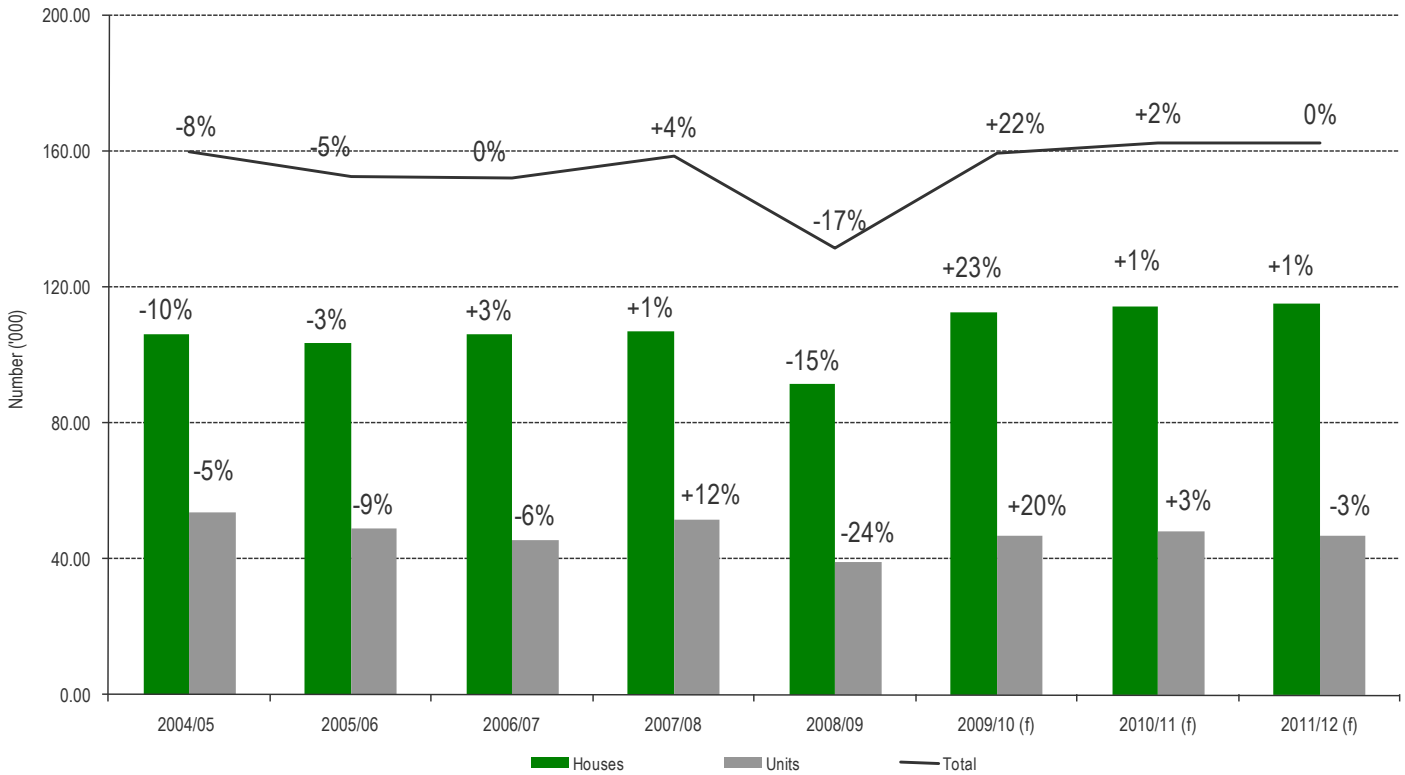
Harley Dale, Chief Economist

0414 994 186

MEDIA RELEASE

New Housing Forecast, by Type, AUS Dwelling Starts

Source: HIA Economics Group



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, rpdata.com/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.com.au>