MEDIA RELEASE

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New Housing Falls in March

New housing expenditure fell back by a disappointing 4.3 per cent in the March quarter of 2010 to be 5.5 per cent lower than 12 months ago, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Senior Economist, Mr Ben Phillips said that the result indicated that healthy leading indicators late in 2009, such as building approvals and housing loans were yet to feed into activity on the ground.

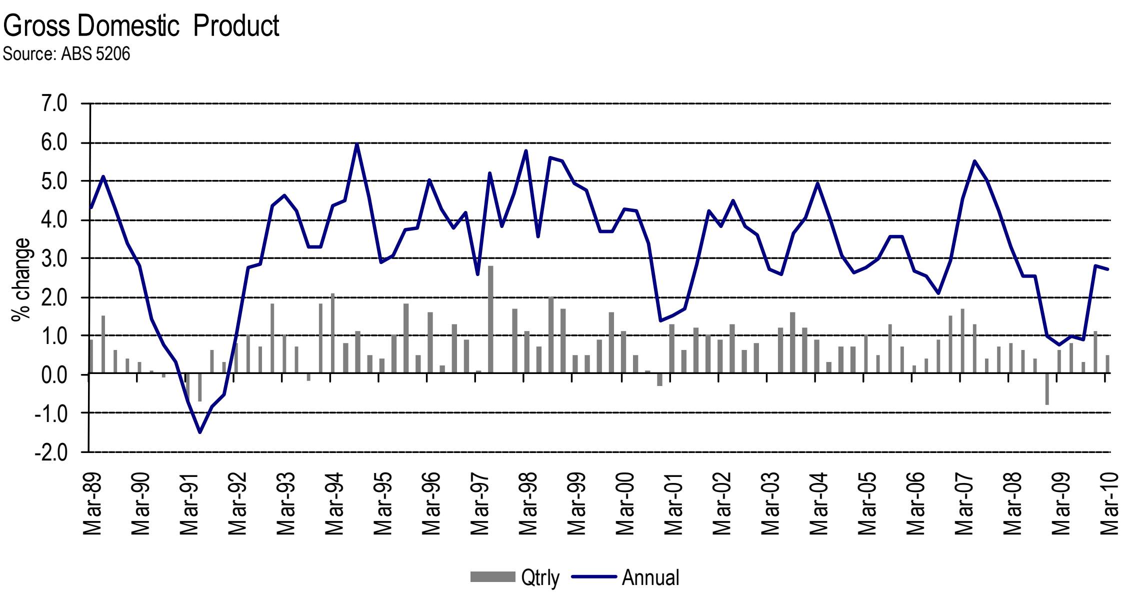
"While the pipeline of activity should translate into stronger construction activity later in 2010 HIA is concerned that without the government stimulus of the first home buyers boost and the social housing stimulus new housing construction will slide," said Ben Phillips.

"On a more positive note, the strength of the general economy and a return to positive sentiment towards property pushed expenditure on renovations up by 2.4 per cent in March to be 9.7 per cent higher than 12 months ago," said Ben Phillips.

Gross Domestic Product grew a moderate 0.5 per cent in March to be 2.7 per cent up on 12 months ago.

"This solid result was driven heavily by public sector investment which was up 11.6 per cent while the private sector declined by 0.6 per cent, said Ben Phillips.

"The lack of private sector investment and moderate private consumption supports the Reserve Bank's decision to keep rates on hold in June. Interest rate increases are already showing up in weak leading indicators for housing construction, further rate increases will only further dampen activity, said Ben Phillips.



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