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CAUTIOUS OPTIMISM AMONG AUSTRALIA'S HOME BUILDERS

After 6 months of falling sales and rising trade and material prices, there is an air of cautious optimism among Australia's new home builders.

Releasing the summer edition of the HIA Market Snapshot Report, Australia's peak building industry body, HIA said that renewed optimism among buyers in early 2005 has bolstered some order books, but there was universal agreement that higher interest rates remain the greatest risk to jobs and activity.

HIA's Chief Economist, Mr Simon Tennent said the six monthly survey of detached home and multi-unit builders demonstrated stark differences in activity and prospects across states and sectors and highlights the fragile nature of the current market.

"Most builders reported strong enquiries at the trade-up high-end buyer market while some reported renewed interest at the first home buyer level, based on stamp duty concessions and stable land prices," Mr Tennent said.

"This tick up in interest however is still some 30 per cent below the peak recorded 18 months ago," he added.

"The supply of bricklayers and roof tilers was still of concern and solid increases in steel and concrete prices had eroded margins in competitive markets and were passed on in the form of higher prices in other markets."

"Completion times have shortened over the past 6 months while council approval times had increased and there was widespread frustration over increasing compliance burdens associated with Occupational Health and Safety legislation.

On a city versus country basis, metropolitan Australia appears to have on average around 7 months worth of work on the books while many regional areas have well over 12 months work ahead of them.

According to Australia's home builders, the Sydney market has dipped the furthest and will remain the flattest of all markets in the coming year while the bouyant WA metropolitan and regional markets are still full steam ahead.

FURTHER INFORMATION

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A full copy of the report can be downloaded from the HIA Economics Group Website at <http://economics.hia.asn.au>