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## **SLOWER ACTIVITY AND CAUTIOUS BUYERS IN 2006**

A slower year is generally expected for the residential building sector in 2006, while home buyers are cautious and continue to lack the urgency seen during the boom years.

Releasing the summer edition of the HIA Market Snapshot Report, Australia's peak building industry body, HIA said that housing conditions were generally considered to be softer than twelve months ago and the level of building activity in 2006 would be down on last year.

HIA's Chief Economist, Harley Dale, said that despite the outlook for softer times ahead, the correction to housing was not foreseen to be of a savage magnitude.

"Forward orders, sales levels, and enquiry levels were reported to be weaker than last year, but not to an alarming extent," Mr Dale said.

"With the exception of Sydney, which is still very weak, there is no feeling that a substantial pull-back is in the offing for the housing industry over the next twelve months," he added.

"Stable interest rates are considered to be a relatively important contributor to this outlook, together with an expectation that the current tight nature of rental markets around the country will persist through 2006, encouraging some investors into the new home and apartment market."

"Western Australia is the exception to the general rule, with conditions expected to remain buoyant throughout 2006 and into next year. There are, however, some early signs of activity cooling and construction this year is foreseen to run at around the same level as last year."

"Trade availability is continuing to improve, although there is an underlying current of thought that this situation reflects softer market conditions and hence may be more temporary than permanent in nature."

"Also reflective of a softer market, there are no reported shortages of building materials nor are there widespread reports of cost pressures within the industry."

### **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>