

CANBERRA'S HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

Canberra's housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA ACT State Outlook* publication, HIA's ACT/Southern New South Wales Executive Director, Ms Caroline Lemezina said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Ms Lemezina said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," she added.

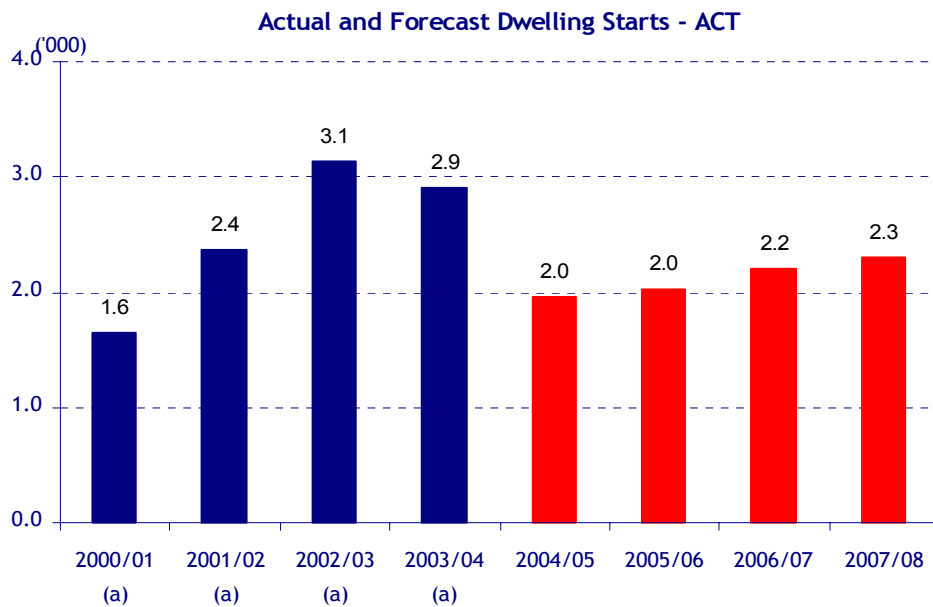
"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 32 per cent in 2004/05 followed by a slight rise of 3 per cent next year, which would see starts in Canberra bottom at around 1,960," Ms Lemezina said.

"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 2,300 by 2007/08," Ms Lemezina said.

On the other side of the housing ledger, renovation activity is expected to ease by 3 per cent in 2004/05 to \$245 million.

"Investment in renovations surged by over 40 per cent in three years so this modest fall from here is still impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Ms Lemezina said.



- Ends -

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 9 reports in the set and they are released on the last working day March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Ms Caroline Lemezina
 HIA Executive Director, ACT/Southern New
 South Wales
 Phone: 0439 447 860
Email: economics@hia.asn.au

VICTORIA'S HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

The Victorian housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA Victorian State Outlook* publication, HIA's Victorian Executive Director, Mr Graham Wolfe said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Mr Wolfe said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," he added.

"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 13 per cent in 2004/05 followed by a very slight increase of 1 per cent next year, which would see starts in Victoria bottom at around 39,400," Mr Wolfe said.

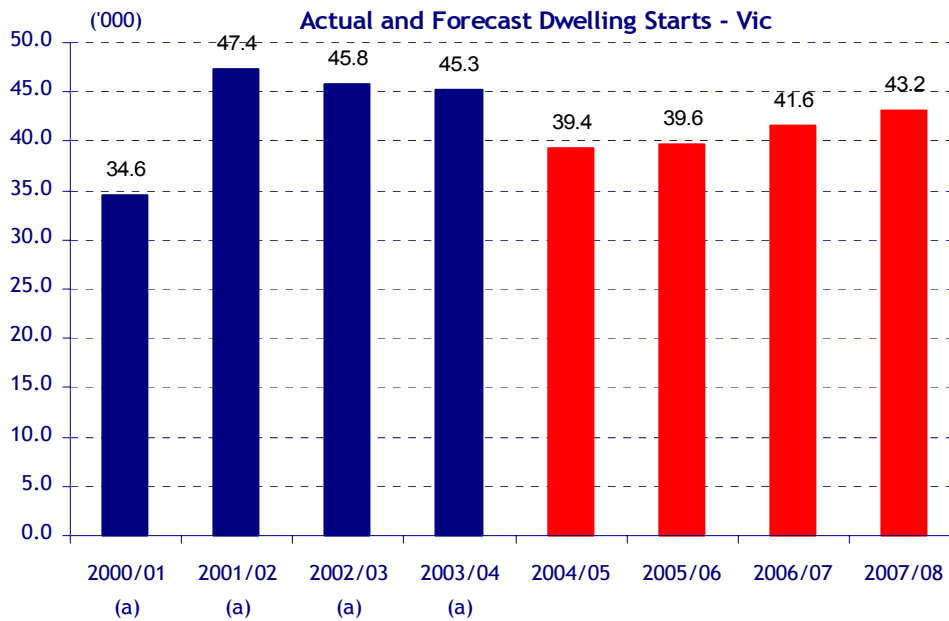
"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 43,240 by 2007/08," Mr Wolfe said.

On the other side of the housing ledger, renovation activity is expected to grow by a further 1 per cent in 2004/05 to \$5.6 billion.

"Investment in renovations surged by over 40 per cent in three years so any further growth from here is impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Mr Wolfe said.

"Following the peaking in the new construction market, the renovations sector will slow. We are forecasting a 4 per cent dip in 2005/06 followed by a further fall of 3 per cent the following year. Thereafter we expect to see the renovations sector gain some fresh legs, with activity increasing by 2 per cent to around \$5.3 billion by the end of 2007/08," Mr Wolfe added.



- Ends -

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 9 reports in the set and they are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Mr Graham Wolfe
 HIA Executive Director, Victoria
 Phone: 0419 751 188
Email: economics@hia.asn.au

TASMANIA'S HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

The Tasmanian housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA Tasmanian State Outlook* publication, HIA's Tasmanian Executive Director, Mr Tim Reardon said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Mr Reardon said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," he added.

"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 5 per cent in 2004/05 followed by a further fall of 3 per cent next year, which would see starts in Tasmania bottom at around 2,600," Mr Reardon said.

"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

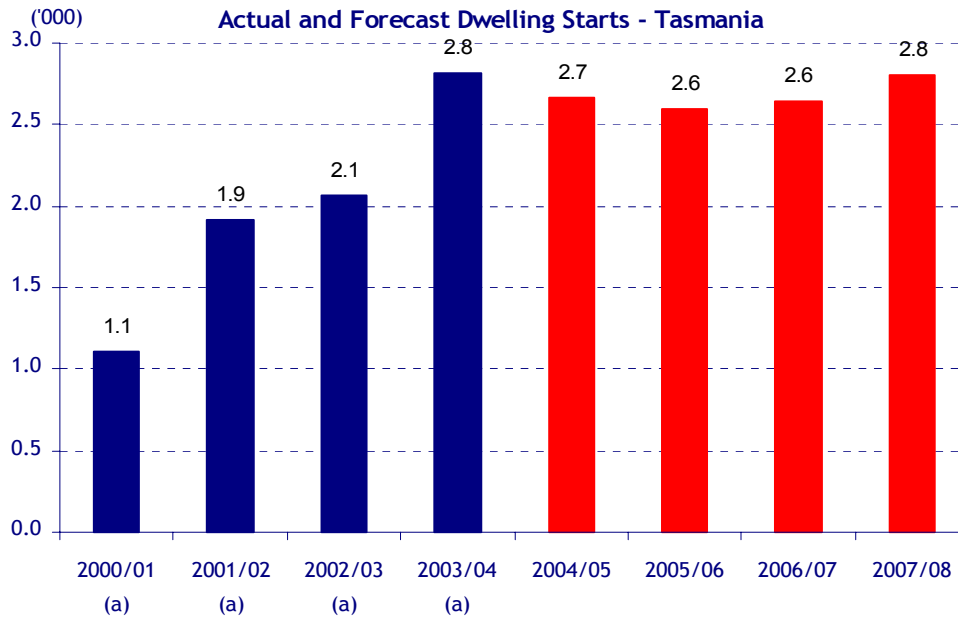
"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 2,800 by 2007/08," Mr Reardon said.

On the other side of the housing ledger, renovation activity is expected to ease by 9 per cent in 2004/05 to \$420 million.

"Investment in renovations surged by over 40 per cent in three years so any further growth from here is impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Mr Reardon said.

"Following the peaking in the new construction market, the renovations sector will slow. We are forecasting a 5 per cent dip in 2005/06 followed by steady activity the following year. Thereafter we expect to see the renovations sector gain some fresh legs, with activity increasing by 2 per cent to around \$408 million by the end of 2007/08," Mr Reardon added.

.../2



- Ends -

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 9 reports in the set and they are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Mr Tim Reardon
 HIA Executive Director, Tasmania
 Phone: 0423 141 031
Email: economics@hia.asn.au

SOUTH AUSTRALIA'S HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

South Australia's housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA South Australia State Outlook* publication, HIA's South Australian Executive Director, Mr Brenton Gardner said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Mr Gardner said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," he added.

"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 6 per cent in 2004/05 followed by a further fall of 11 per cent next year, which would see starts in South Australia bottom at around 8,400," Mr Gardner said.

"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2007, increasing to a level of around 8,900 by 2007/08," Mr Gardner said.

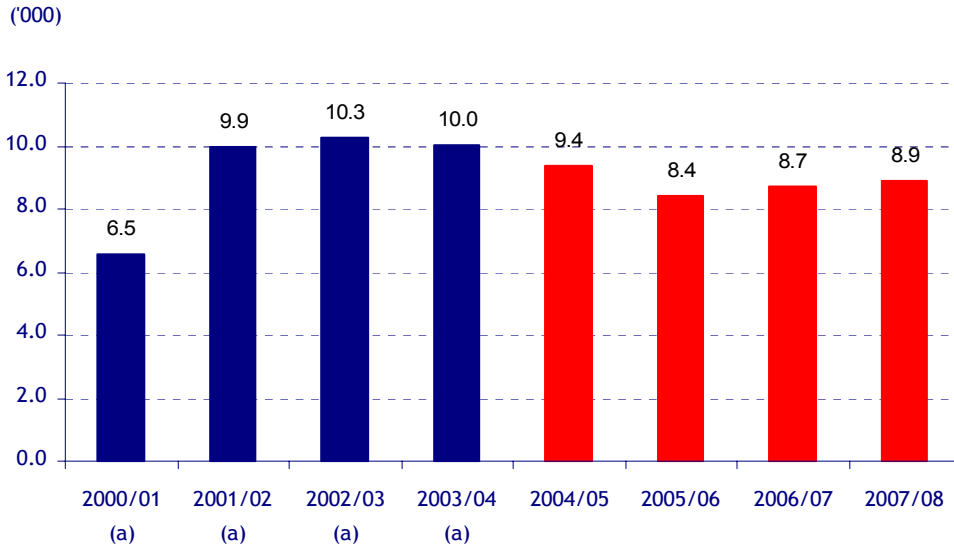
On the other side of the housing ledger, renovation activity is expected to ease by a 1 per cent in 2004/05 to \$1.5 billion.

"Following the peaking in the new construction market, the renovations sector will continue to slow. We are forecasting a 3 per cent dip in 2005/06 followed by a further fall of 2 per cent the following year. Thereafter we expect to see the renovations sector gain some fresh legs, with activity increasing by 3 per cent to around \$1.5 billion by the end of 2007/08," Mr Gardner added.

.../2



Actual and Forecast Dwelling Starts - SA



- Ends -

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 9 reports in the set and they are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Mr Brenton Gardner
HIA Executive Director, South Australia
Phone: 0418 500 663
Email: economics@hia.asn.au

QUEENSLAND'S HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

The Queensland housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA Queensland State Outlook* publication, HIA's Queensland Executive Director, Mr Rick Wiley said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Mr Wiley said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," he added.

"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 11 per cent in 2004/05 followed by a very slight increase of 3 per cent next year, which would see starts in Queensland bottom at around 38,650," Mr Wiley said.

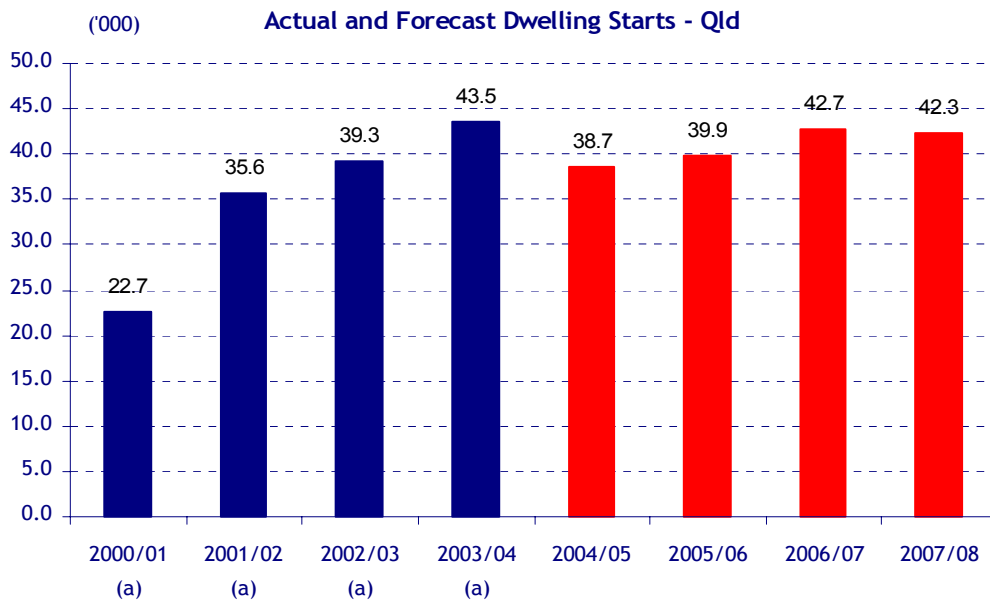
"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 45,250 by 2007/08," Mr Wiley said.

On the other side of the housing ledger, renovation activity is expected to grow by a further 1 per cent in 2004/05 to \$5.4 billion.

"Investment in renovations surged by over 40 per cent in three years so any further growth from here is impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Mr Wiley said.

"Following the peaking in the new construction market, the renovations sector will slow. We are forecasting a 1 per cent dip in 2005/06 followed by a further fall of 5 per cent the following year. Thereafter we expect to see the renovations sector gain some fresh legs, with activity increasing by 2 per cent to around \$5.2 billion by the end of 2007/08," Mr Wiley added.



- Ends -

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 9 reports in the set and they are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Mr Rick Wiley
 HIA Executive Director, Queensland
 Phone: 0419 751 195
Email: economics@hia.asn.au

NORTHERN TERRITORY HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

The Northern Territory housing sector enjoyed a very strong three years but is now set to take a breather.

Commenting today on the release of the December quarter 2004 *HIA Northern Territory State Outlook* publication, HIA's Northern Territory Branch Manager, Mr Graham Kemp said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Mr Kemp said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," he added.

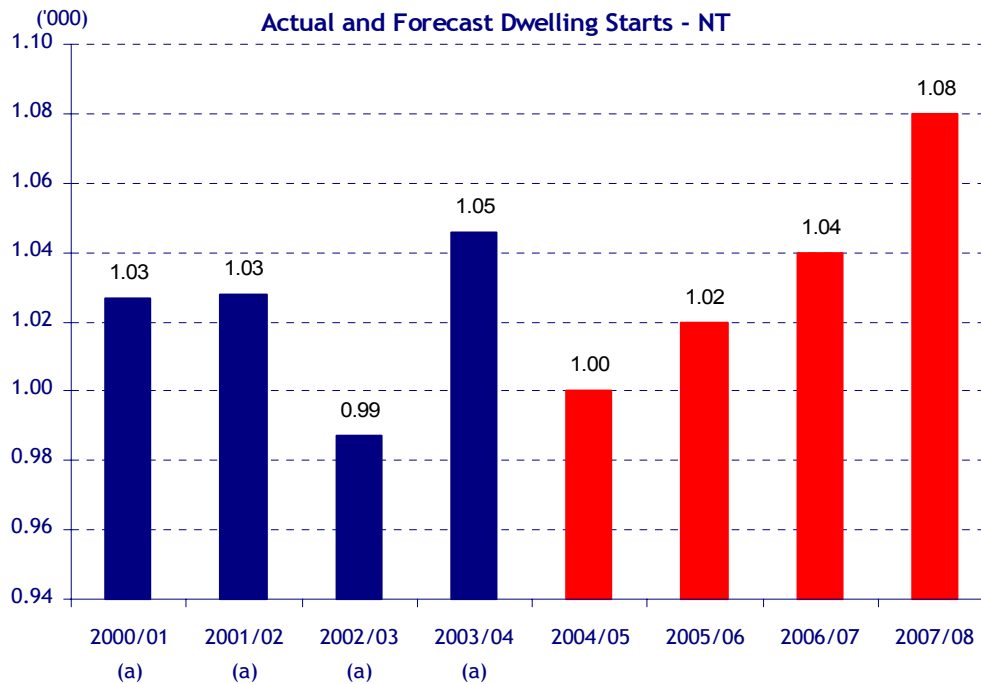
"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 5 per cent in 2004/05 followed by a bounce back of 2 per cent next year, which would see starts in Tasmania bottom at around 1,000," Mr Kemp said.

"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 1,082 by 2007/08," Mr Reardon said.

On the other side of the housing ledger, renovation activity is expected to grow by 3 per cent in 2004/05 to \$125 million.

"Investment in renovations surged by over 40 per cent in three years so any further growth from here is impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Mr Kemp said.



- Ends -

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 9 reports in the set and they are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Mr Graham Kemp
 HIA Branch Manager, Northern Territory
 Phone: 0418 388 529
Email: economics@hia.asn.au

NSW HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

The New South Wales housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA NSW State Outlook* publication, HIA's NSW Executive Director, Ms Elizabeth Crouch said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Ms Crouch said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," she added.

"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 11 per cent in 2004/05 followed by a further decline of 3 per cent next year, which would see starts in New South Wales bottom at around 38,200," Ms Crouch said.

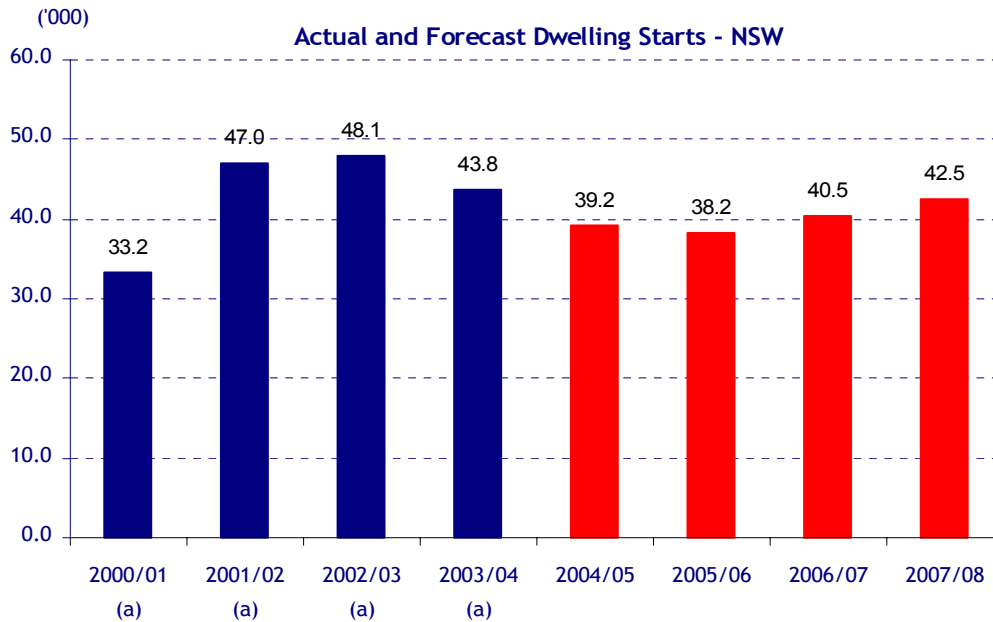
"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 42,520 by 2007/08," Ms Crouch said.

On the other side of the housing ledger, renovation activity is expected to grow by a further 2 per cent in 2004/05 to \$7.1 billion.

"Investment in renovations surged by over 40 per cent in three years so any further growth from here is impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Ms Crouch said.

"Following the peaking in the new construction market, the renovations sector will slow. We are forecasting a 2 per cent dip in 2005/06 followed by a further fall of 5 per cent the following year. Thereafter we expect to see the renovations sector gain some fresh legs, with activity increasing by 4 per cent to around \$6.9 billion by the end of 2007/08," Ms Crouch added.



- Ends -

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 9 reports in the set and are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Elizabeth Crouch
 HIA Executive Director, New South Wales
 Phone: 0419 868 684
Email: economics@hia.asn.au

WESTERN AUSTRALIA'S HOUSING SECTOR TO SLOW BUT NO CRASH IN SIGHT

The Western Australian housing sector enjoyed a very strong three years but is now set to take a breather until 2007.

Commenting today on the release of the December quarter 2004 *HIA Western Australia State Outlook* publication, HIA's Western Australian Executive Director, Mr John Dastlik said that levels of residential activity would remain reasonably healthy over the next couple of years.

"Economic growth, while slowing, won't fall off a cliff, the unemployment rate is historically low which is very important to the housing sector, and there hasn't been the overbuilding of previous cycles," Mr Dastlik said.

"In this kind of environment a moderate correction to housing activity is on the cards. Forward indicators for the sector, together with our own survey research, continue to point to this situation dropping out over the next couple of years," he added.

"While the housing industry doesn't need another rate hike, there is also the prospect of a further interest rate rise in the second half of the year. Throw everything into the mix and we are forecasting a drop in housing starts of 6 per cent in 2004/05 followed by a further fall of 14 per cent next year, which would see starts in Western Australia bottom at around 18,250," Mr Dastlik said.

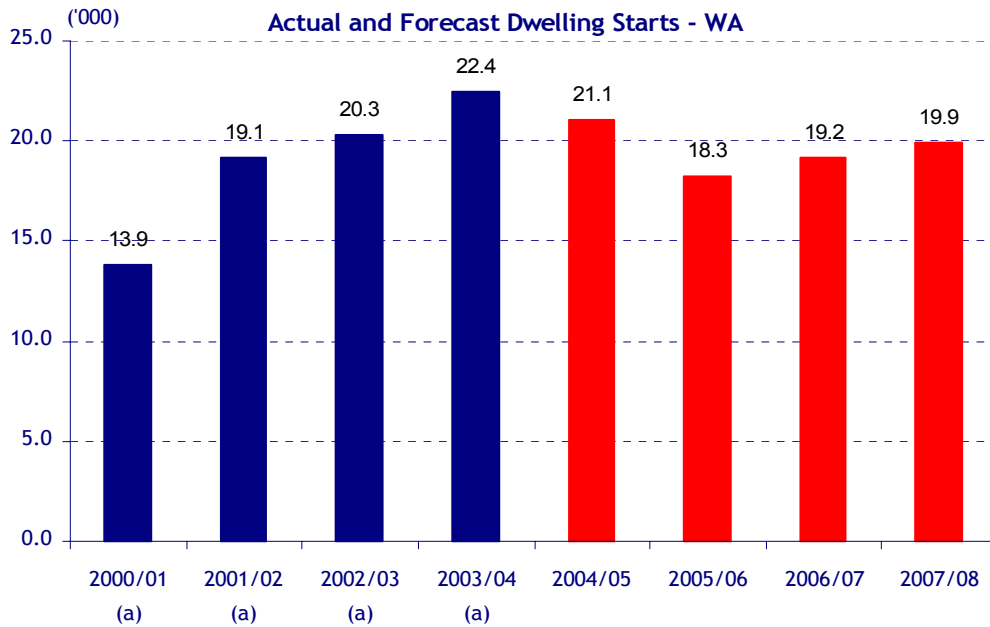
"Our forecasts reflect the view that we see no evidence of a massive fall-out in housing such as those which befell the industry in the 1980's and again in the 1990's."

"With strong underlying demand, aided by a healthy State economy, we expect housing starts to resume an upward march from 2006, increasing to a level of around 19,930 by 2007/08," Mr Wiley said.

On the other side of the housing ledger, renovation activity is expected to grow by a further 4 per cent in 2004/05 to \$1.8 billion.

"Investment in renovations surged by over 40 per cent in three years so any further growth from here is impressive. The strong underlying fundamentals of the economy, particularly low unemployment and commensurately high consumer confidence at a time when land prices remain historically high, are certainly supportive of another healthy year for renovations in 2004/05," Mr Dastlik said.

"Following the peaking in the new construction market, the renovations sector will slow. We are forecasting a 3 per cent dip in 2005/06 followed by a fall of 2 per cent the following year. Thereafter we expect to see the renovations sector gain some fresh legs, with activity increasing by 3 per cent to around \$1.8 billion by the end of 2007/08," Mr Dastlik added.



- Ends -

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 9 reports in the set and they are released on the last working day of March, June, September with the December issue coming out on the last working day of January.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, and HIA's own datasets on home sales, affordability, and trade prices and availability.
3. For individual state-based releases or copies of the full 40 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.asn.au>

For further information on this release, <http://economics.hia.asn.au> please contact:

Mr John Dastlik
 HIA Executive Director, Western Australia
 Phone: 0419 751 195
Email: economics@hia.asn.au