

MAJOR RENOVATIONS RECOVER IN EARLY 2006

Major renovation activity recovered in the March 2006 quarter, pegging back all of the ground lost in a weaker end to 2005.

Commenting today on the latest release of HIA's quarterly *Renovations Monitor*, Australia's peak building industry body, HIA, said that major renovation activity (jobs carried out by licensed builders and contractors) increased by 13 per cent in the March 2006 quarter to \$782 million.

HIA's Chief Economist, Mr Harley Dale, said that the early 2006 result was encouraging ahead of a likely rate-rise induced softening mid year.

"Relatively stable house prices and continuing strong labour markets are delivering reasonably healthy levels of expenditure on major renovations, although activity continues to be down on the peak levels of 2002 and 2003," Mr Dale said.

"The interest rate rise in May and sustained higher fuel costs will take some of the shine off renovations, as well as the new home market, in the June quarter, and overall spending on renovations will be lower this year than last," he added.

"However, the cost of new housing continues to creep higher as governments fail to address the substantial cost burden they themselves are imposing. This environment will maintain a healthier renovations market relative to residential construction throughout the year."

Major renovation expenditure increased almost everywhere in the March quarter, with the strongest rises occurring in Western Australia, South Australia, and Queensland.

In the three months to March major renovations expenditure increased by 23 per cent in Western Australia and rose by 16.3 per cent in South Australia, 15 per cent in Queensland, 13 per cent in Victoria, 12.9 per cent in New South Wales, 10.7 per cent in the Australian Capital Territory, and 7.4 per cent in the Hunter region. Major renovation expenditure fell by 20.3 per cent in Tasmania.

The average level of spending on major renovations increased for all categories with the exception of repairs and maintenance.

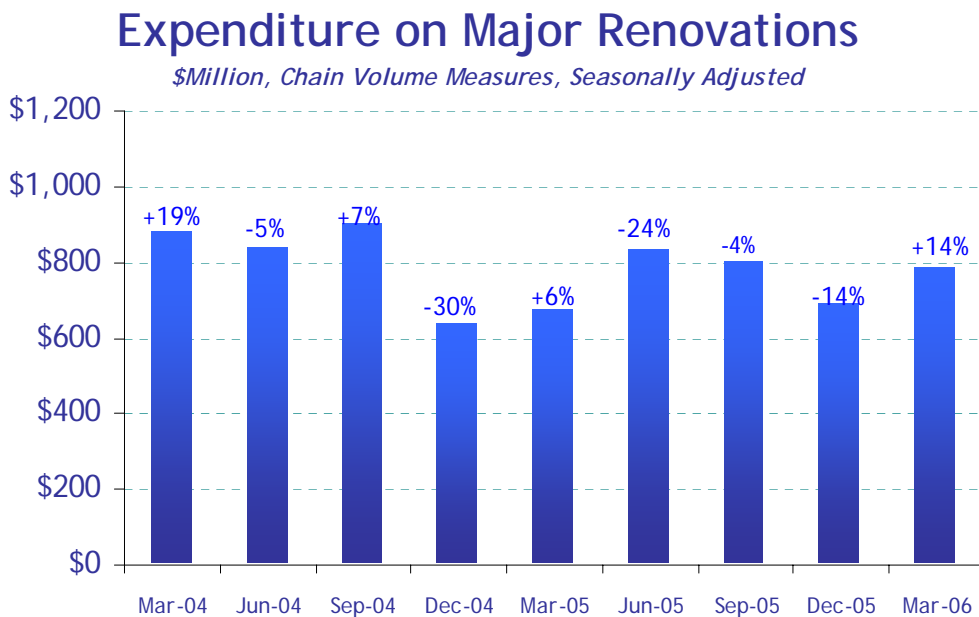
NOTES TO EDITORS

Nationally, a total of 8,458 households undertook major home renovations over the three months to March at an average value of \$92,410 for each job. The most popular major renovation over the three months was a ground floor extension valued at \$118,232 and around 67 square metres in size.

Notes:

a). The *HIA Renovations Monitor* is a quarterly review of major renovation activity. Compiled from seven years of insurance certificates from all states and territories, it splits major renovation activity into the categories of ground and second storey extensions, kitchens, bathrooms, garages, roofing and cladding, external improvements, and repairs and maintenance.

b). Market share adjustments have led to a revision to the history of the levels of major renovations expenditure and the number of major renovation jobs. The magnitudes of quarterly changes to renovation activity are little changed.



Source: HIA Renovations Monitor

For further information please contact :

Harley Dale, HIA Chief Economist, on 0414 994 186.

For State based releases or a copy of the full report (media only) please contact

Kirsten Lewis (02) 6245 1393 or k.lewis@hia.com.au