

## STABLE HOUSE PRICES SPUR RENOVATION ACTIVITY

Resilient house prices and a strong labour market are keeping Australia's home renovators active.

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 4 per cent in the June 2006 quarter to \$851 million.

HIA's Chief Economist, Mr Harley Dale, said that while expenditure on major renovations remained down on the peak levels of a few years ago, the first half of 2006 had been healthier than last year.

"With new housing still not showing any signs of a recovery, the underlying strength in renovations is good news for those many building material manufacturers and suppliers who have been feeling the pinch," Mr Dale said.

"The average amount households are willing to spend on a major renovation is, however, continuing to fall, no doubt a reflection of the increased uncertainty households are facing regarding interest rates and fuel costs," Mr Dale added.

"The interest rate environment throws a shadow over the prospect of further gains in major renovation spending in 2006/07. The cost of new housing is creeping higher, however, as the blame game for the housing affordability crisis continues across levels of government. Consequently the renovations market will hold up reasonably well."

In the three months to June major renovations expenditure increased by 15.9 per cent in New South Wales, within which spending in the Hunter region increased by 6.7 per cent. Rises were also recorded in Western Australia, up 5.7 per cent, Queensland, up 5 per cent, and Tasmania, up 2.4 per cent. Major renovation expenditure fell by 26.1 per cent in the Australian Capital Territory and was down by 19.1 per cent in South Australia and 9.7 per cent in Victoria.

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



**NOTES TO EDITORS**

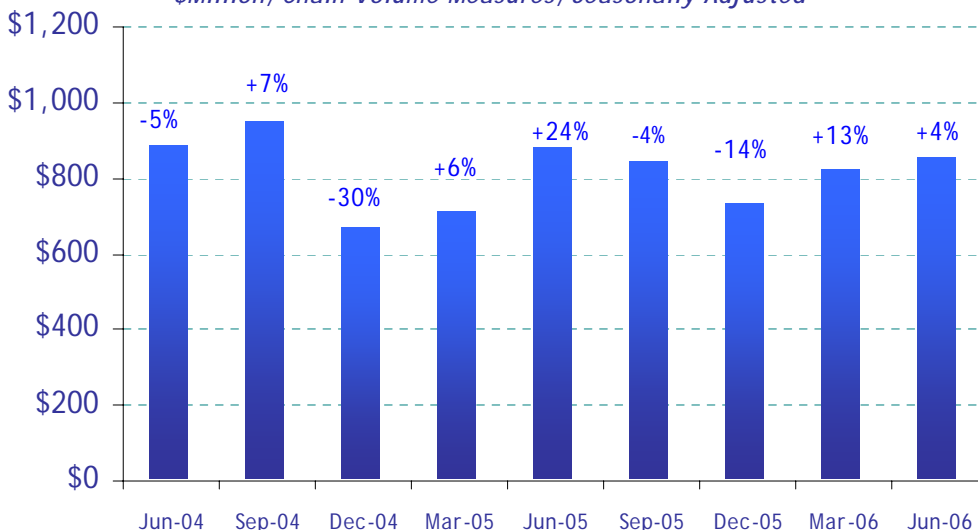
Nationally, a total of 10,141 households undertook major home renovations over the three months to June at an average value of \$84,381 for each job. The most popular major renovation over the three months was a ground floor extension valued at \$113,305 and around 65 square metres in size.

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.

**Expenditure on Major Renovations**

*\$Million, Chain Volume Measures, Seasonally Adjusted*



Source: HIA Renovations Monitor

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