

12 September 2005

STABLE RATES SPARK RENEWED INTEREST IN HOME RENOVATIONS

Stable interest rates and resilient house prices have seen major renovation activity come storming back in the June quarter.

Commenting today on the latest release of HIA's quarterly *Renovations Monitor*, Australia's peak building industry body, HIA, said that activity increased in the June 2005 quarter by 24.2 per cent to \$832 million. Compared to twelve months ago, renovation activity was effectively flat, having slipped by only 0.5 per cent.

HIA's Senior Economist, Mr Harley Dale, said that a healthy recovery throughout the first half of the year was encouraging, following on as it does from a very weak end to 2004.

"A weak second half of last year means that major renovations pulled back by 10.8 per cent in 2004/05 overall," Mr Dale said.

"However, the continuation of relatively stable house prices, and indeed on-going modest growth in some parts of the country, has seen more households enter the major renovation market again in 2005," he added.

"Add in interest rates being on hold and continuing modest improvement in trade availability and we expect major renovation activity to hold up reasonably well in 2005/06."

"Expenditure probably won't be quite as strong as last year, but economic conditions are such that we won't witness a significant pull-back in renovations expenditure either. A large pipeline of activity yet to be cleared will also be very helpful in this regard."

"Major renovation expenditure increased across Australia. Total dollars spent rose by 36.8 per cent in South Australia, 36.7 per cent in Western Australia, 25.1 per cent in Tasmania, 21.6 per cent in New South Wales, 21.4 per cent in the ACT, 12.8 per cent in Queensland, 4 per cent in The Hunter region, and 2 per cent in Victoria," Mr Dale said.

"The average dollar spend on renovations fell in most categories of major renovation work but the actual number of renovation jobs has recovered strongly in 2005 to date," Mr Dale added.

For further information please contact :
Harley Dale, Senior Economist on 0414 994 186.

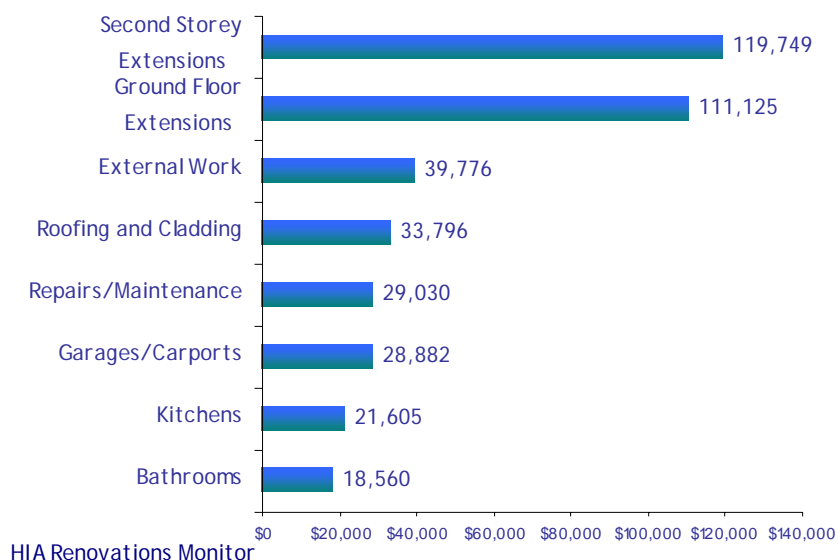
A total of 10,347 households undertook major home renovations over the three months to June at an average value of \$80,380 for each job. The most popular major renovation over the three months was a ground floor extension valued at \$111,125 and around 63 square metres in size.

Notes:

a). The *HIA Renovations Monitor* is a quarterly review of major renovation activity. Compiled from six 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.

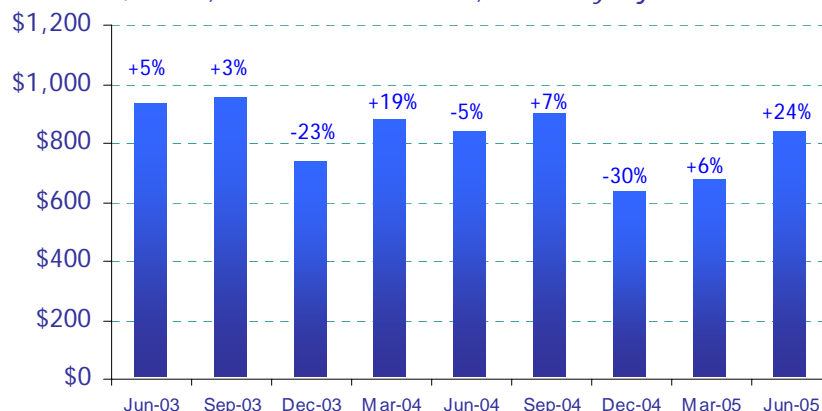
b). Market share adjustments have led to a revision to the history of the levels of major renovations expenditure and the number of major renovation jobs. The magnitudes of quarterly changes to renovation activity are little changed.

Average Value of Major Renovation Projects,
June 05 Qtr (\$'000)



Expenditure on Major Renovations

\$Million, Chain Volume Measures, Seasonally Adjusted



Source: HIA Renovations Monitor