

WEAK NEW HOUSING BOOSTS MAJOR RENOVATIONS

Spending on major renovations continued its resurgence in late 2006 as a lack of affordable land and government-imposed costs continued to weigh down on new home building.

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 6.9 per cent in the December 2006 quarter to \$953 million, the first quarter spending has exceeded the \$900 million mark since September 2004.

HIA's Chief Economist, Mr Harley Dale, said that expenditure on major renovations was up for 2006 overall, the first rise in three years.

"Relatively steady house prices and a strong labour market created a healthy base for major renovations in 2006," Mr Dale said.

"At the same time new housing affordability suffered under the weight of high land prices, large development and regulatory costs, and higher interest rates," Mr Dale added.

"The high cost of new housing has pushed many households into embarking on major structural renovations of their existing property rather than building a new home."

"This is positive news for building materials manufacturers and suppliers given the continued struggle for the new housing sector."

"The average amount households are willing to spend on a major renovation grew by 11 per cent in the December quarter and increases were seen across most renovation categories."

In the three months to December major renovations expenditure increased across Australia. Spending rose by 18.3 per cent in the Australian Capital Territory and was up by 9.8 per cent in Victoria, 9 per cent in Western Australia, 8.5 per cent in the Hunter region, 4.9 per cent in South Australia, 4.1 per cent in New South Wales, 3.2 per cent in Tasmania, and 2.5 per cent in Queensland.

NOTES TO EDITORS

Nationally, a total of 9,922 households undertook major home renovations over the three months to December at an average value of \$96,016 for each job. The most popular major renovation over the three months was a ground floor extension valued at \$109,546 and around 65 square metres in size.

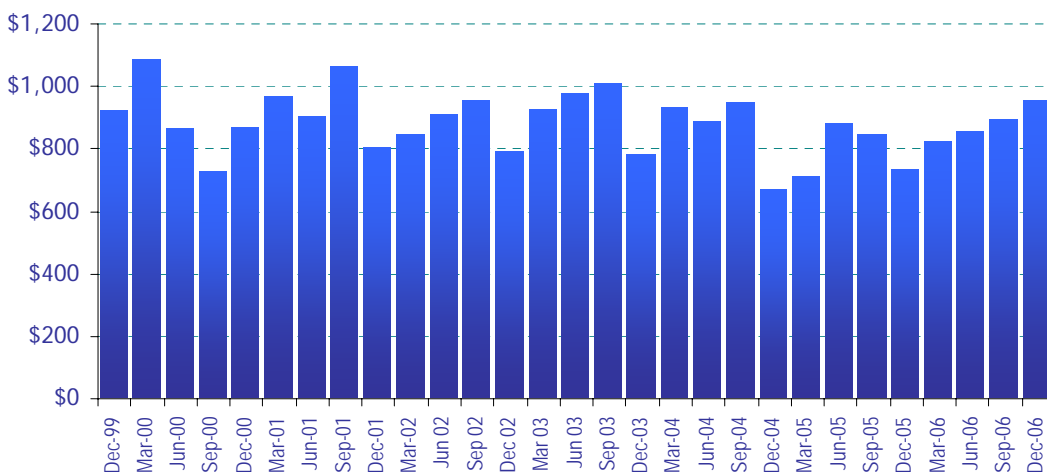
Notes:

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



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