

HOUSING STARTS FAIL TO RECOVER IN 2007

A modest rise in dwelling commencements in the December quarter was not enough to generate a stronger year in 2007.

According to Australian Bureau of Statistics figures released today, new home starts increased by 2.6 per cent in the December 2007 quarter to a level of 39,477. Detached house starts increased by 5.9 per cent to 27,663 while multi-unit starts fell by 7.6 per cent to 11,168.

Over the entire year total housing starts were effectively flat at a level of 153,213.

Australia's peak building industry body, HIA, said that starts in Australia had not posted an increase since 2002.

HIA's Chief Economist, Harley Dale, said that the 2007 level of starts fell at least 20,000 dwellings short of what was required to satisfy underlying demand.

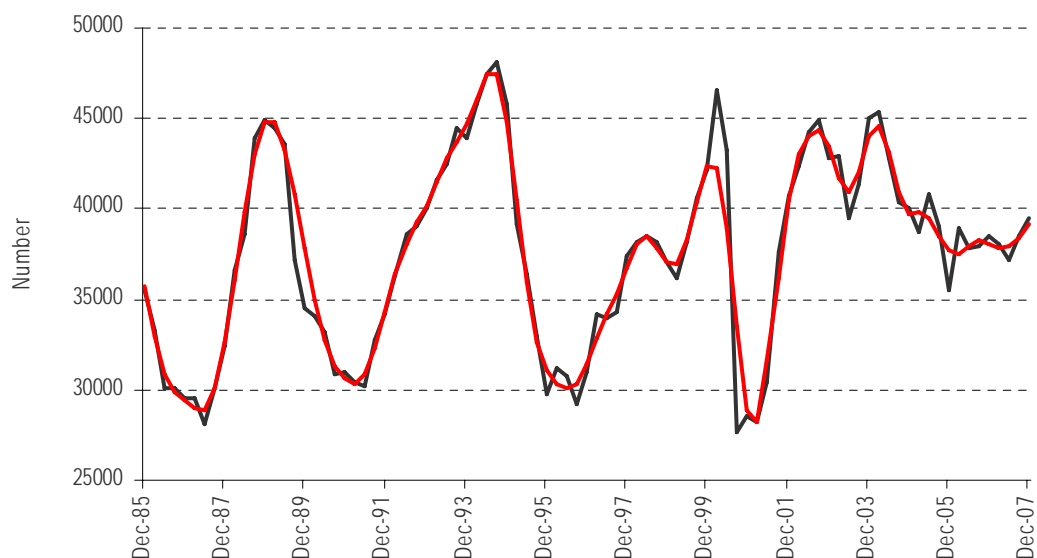
"In the short term the large shortage in housing stock will remain and possibly widen further once the effects of the substantial lift in interest rates over 2007/08 take hold."

"This situation will maintain upward pressure on established house prices and aggravate already extremely tight rental market conditions."

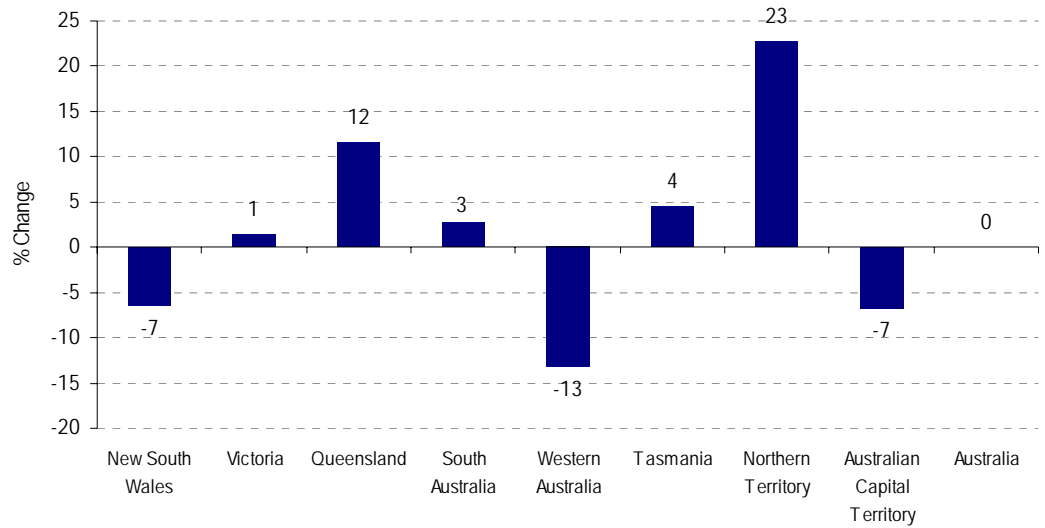
"To this end Federal policy announcements in 2008 to date aimed at boosting the supply of affordable housing over time are a vital plank in arresting what remains a downward spiral in housing affordability," Mr Dale said.

On a state-by-state basis, the seasonally adjusted number of housing starts in the December 2007 quarter increased by 9.6 per cent in Queensland. Starts were up by 8.9 per cent in Tasmania, 8.4 per cent in Victoria, and 5.5 per cent in Western Australia. The number of housing starts fell by 33.4 per cent in the Northern Territory and was down by 26.4 per cent in the ACT, 12.4 per cent in New South Wales, and 9.7 per cent in South Australia.

Total Dwelling Starts – Australia



Change in Housing Starts in 2007



FURTHER INFORMATION:

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