

Unit Developments Halting Housing Recovery

HIA, Australia's biggest residential building association, believes that a dismally weak units market is holding up a recovery in new housing across the nation and provides the Reserve Bank reason to pause on any upward movement on interest rates.

HIA's Senior Economist, Mr Ben Phillips said that according to Australian Bureau of Statistics figures released today, housing starts fell by 3.7 per cent in the June quarter for 2009 taking starts to 130,642 for the financial year, 17.7 per cent lower than an already weak 2007/08.

Detached house starts grew by 4.2 per cent to 22,808 in the June 2009 quarter. Multi-unit starts dropped by 21.5 per cent to 7,603.

"The June quarter result demonstrates the difficulties faced by developers in the units and semi-detached segment. A lack of availability and tough restrictions on credit mean that developers face the toughest economic conditions since the early 1990s. Ben Phillips said.

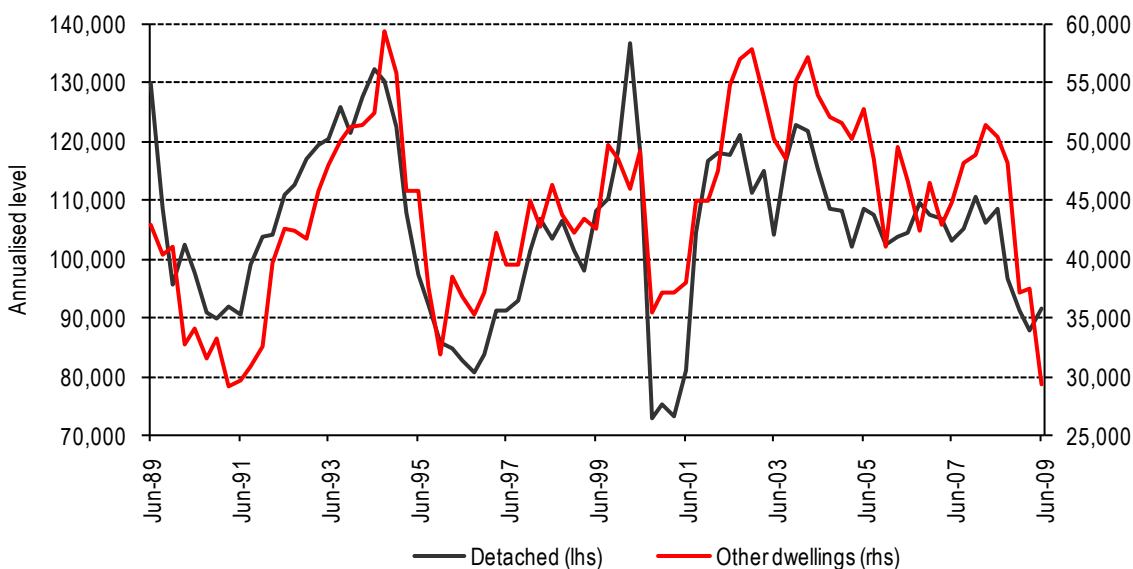
The lack of finance coincides with record levels of demand thanks to a strongly growing population and record low interest rates. The unfortunate outcome is a continued housing shortage and continued pressure on rents.," Ben Phillips said.

"Housing finance has already lifted 60 per cent over the last 10 months, while building approvals have increased a weaker 20 per cent over the same period. Clearly the approvals process at the local government level is contributing to the halting of a housing recovery." Said Ben Phillips.

"A fast and efficient approvals process is vital for the continuation of economic recovery and the many thousands of jobs which depend on the residential housing sector," Said Ben Phillips.

The number of housing starts in the June 2009 quarter fell by 3.7 per cent in Victoria, 10.4 per cent in Queensland, 9.6 per cent in South Australia, and 6.3 per cent in Western Australia. Housing starts increased by 2.1 per cent in New South Wales, 8.9 per cent in Tasmania, 17.6 per cent in the Australian Capital Territory, and 64.9 per cent in the Northern Territory.

Total Dwelling Starts – Australia



FURTHER INFORMATION:
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