

## HOUSING SHORTAGE WORSENS

Record low housing affordability has widened the gap between new housing demand and supply.

According to Australian Bureau of Statistics figures released yesterday, new home starts fell by 4 per cent over the June 2007 quarter to 36,512, a level 3.4 per cent down on a year earlier.

Detached house starts fell by 3.8 per cent to 25,708, their lowest quarterly level since the end of 2005 and one of the lowest levels seen in the current down turn. Starts for multi-units fell by 5.7 per cent to 10,338, also their lowest quarterly level since late 2005 and the second lowest level of the current down cycle.

Over the 2006/07 financial year there were 150,993 home starts, 0.3 per cent fewer than in 2005/06 and a far cry from the 170,000 or more required annually to satisfy underlying demand.

Australia's peak building industry body, HIA, said that Australia had under-built for three consecutive years now during which time the affordability hurdle had continued to lift higher.

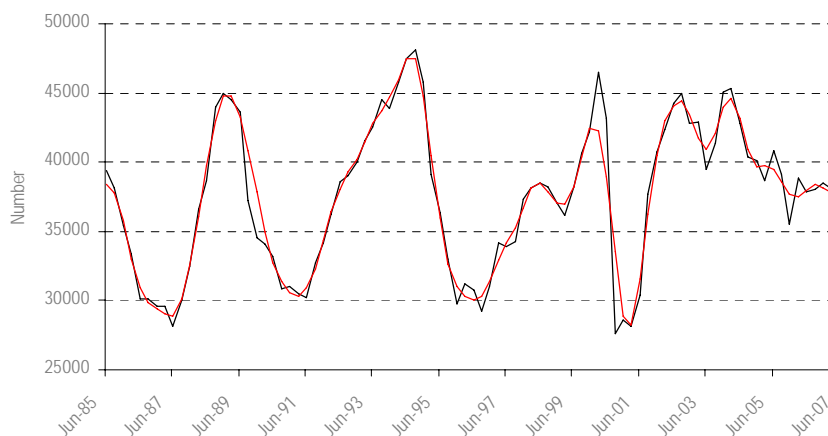
HIA's Chief Economist, Mr Harley Dale, said that the dire shortage of housing stock would worsen in 2007/08 without concerted policy action to address the hefty supply constraints holding back new home building.

"In the current environment there is little prospect of a significant, sustained recovery in national residential construction emerging over 2007/08," Mr Dale said.

"This situation for new home building will in turn sustain the current problems of struggling first home aspirants and tightening rental markets," Mr Dale added.

On a state-by-state basis, the seasonally adjusted number of housing starts fell by 20 per cent in New South Wales and was down by 8.4 per cent in Tasmania, 6.6 per cent in Western Australia, and 2.1 per cent in Victoria. Housing starts increased by 62.2 per cent in the Australian Capital Territory and were up by 14.6 per cent in South Australia, 11.3 per cent in the Northern Territory, and 1.8 per cent in Queensland.

Housing Starts – Australia



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