

WEAK STARTS HIGHLIGHT ACUTE HOUSING SHORTAGE

Housing starts fell for the second consecutive quarter in June.

HIA, Australia's biggest residential building association said a 40,000 dwelling shortfall in the 2007/08 FY alone highlighted the importance of initiatives to boost the supply of affordable housing, such as the launch of the Housing Affordability Fund earlier today.

According to Australian Bureau of Statistics figures released today, total new home starts fell by 3.7 per cent in the June 2008 quarter to a level of 38,348, the lowest in a year. Detached house starts increased by 2.7 per cent to 27,061. Multi-unit starts dropped by 16.2 per cent to 10,878.

HIA's Chief Economist, Harley Dale said the recovery in starts over the second half of 2007 had predictably proved unsustainable given the large hikes in interest rates and general household living costs together with hefty supply constraints on new home building.

"Housing starts fell away over 2008H1 and will weaken further in the quarters ahead," Mr Dale said.

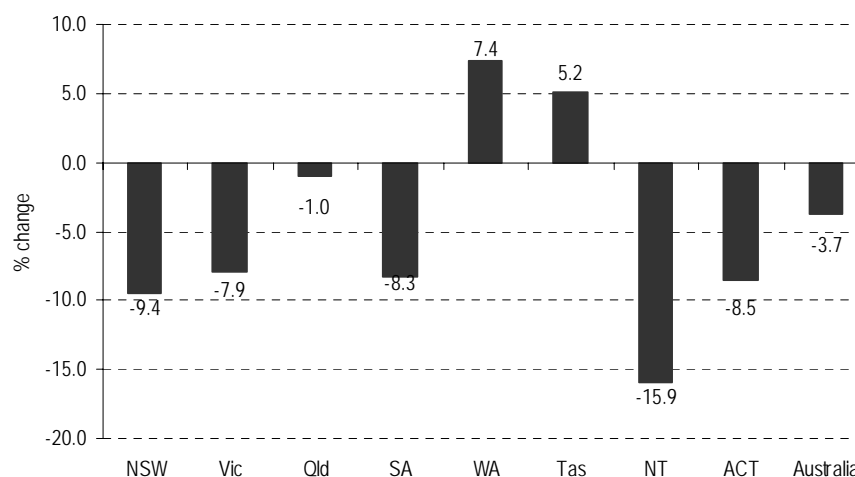
"Over the 2007/08 financial year dwelling starts increased by only 3.2 per cent to 156,998 despite the first six months being quite strong. Leading housing indicators unequivocally point to a fall in starts over 2008/09," said Harley Dale.

HIA expects a dwelling shortfall of a further 45,000 dwellings in 2008/09, making a gap of 85,000 homes over just a two year period.

"Without further interest rate cuts and without success in reducing structural barriers to affordable new housing, the shortage will blow out by even more," Harley Dale said.

On a state-by-state basis, the seasonally adjusted number of housing starts in the June 2008 quarter fell by 15.9 per cent in the Northern Territory, 9.4 per cent in New South Wales, 8.5 per cent in the Australian Capital Territory, 8.3 per cent in South Australia, 7.9 per cent in Victoria, 7.4 per cent in Western Australia, 5.2 per cent in Tasmania, and 1 per cent in Queensland. Starts increased by 7.4 per cent in Western Australia and 5.2 per cent in Tasmania.

Dwelling Commencements by State - June 08 qtr



FURTHER INFORMATION:

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