

Housing Recovery Set for 2009

HIA, Australia's biggest residential building association, believes that weak housing starts in the March quarter of 2009 will prove to be the bottom of the housing cycle.

HIA's Senior Economist, Mr Ben Phillips said that according to Australian Bureau of Statistics figures released today, housing starts fell by 4 per cent in the March 2009 quarter leaving starts 22.5 per cent lower than just 12 months ago.

Detached house starts fell by 4.2 per cent to 21,757 in the March 2009 quarter. Multi-unit starts dropped by 3.4 per cent to 9,192.

"The March quarter result continued to be plagued by the issues of 2008: high interest rates, credit constraints and a weak property market. The environment has changed in 2009 with record low interest rates, a boosted first home buyers grant and the federal government's social housing investment expected to push starts higher over the remainder of 2009.," Ben Phillips said.

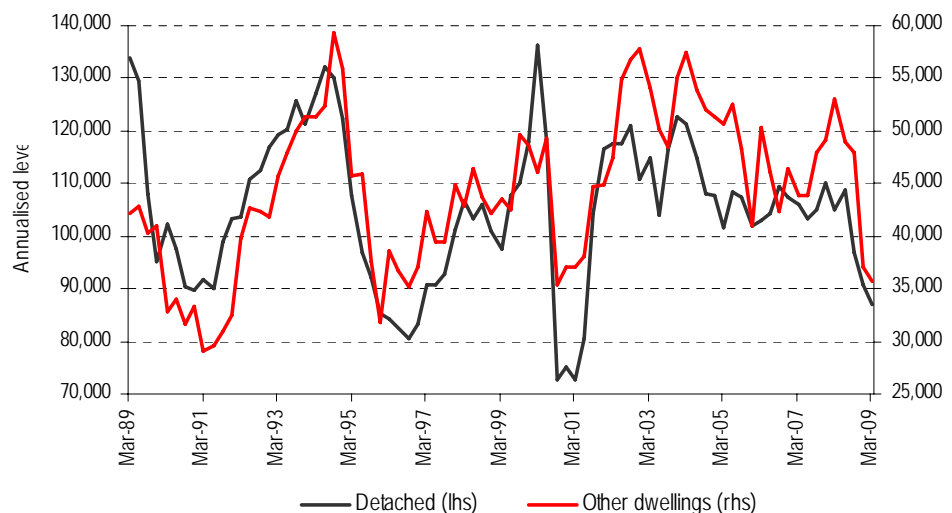
"Building approvals, housing finance and first home buyer grant numbers have already turned the corner and are growing strongly early in 2009 in response to government action. This good news will flow into starts over the remainder of 2009 and HIA forecasts a 15 per cent boost to starts by the December quarter."

"In spite of this expected moderate gain, HIA expects starts for 2009 to remain at 8 year lows and well short of the demands of record population growth."

"The growth of housing over 2009 and beyond will play a pivotal role in maintaining employment in the many industries which rely heavily on a strong housing market. The fact that starts dropped so far over the past 12 months highlights just how important the first home buyer stimulus is in 2009 and just how urgent the need is to implement the plan to construct new public and community housing dwellings, which will generate a multiplier effect for private dwellings along the way," added Ben Phillips.

The number of housing starts in the March 2009 quarter fell by 7.2 per cent in New South Wales, 6 per cent in Queensland, 16 per cent in Tasmania, 0.9 per cent in the Australian Capital Territory and 46.3 per cent in the Northern Territory. Starts increased by 3.5 per cent in South Australia, 5.8 per cent in Western Australia, and 0.1 per cent in Victoria.

Total Dwelling Starts – Australia



FURTHER INFORMATION:
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