

## HOME STARTS WELL SHORT OF THE MARK

Despite a strong labour market, solid population growth, and a growing economy, Australia is continuing to build too few homes.

According to Australian Bureau of Statistics figures released today, new home starts grew by just 1.3 per cent in the March 2007 quarter to 38,639. Detached house starts fell by 0.6 per cent to 26,611, this is an alarming result in view of the current housing crisis.

Over the twelve months to March 2007 new home starts fell by 0.5 per cent to 152,367, a poor comparison to the need for well in excess of 160,000 starts in order to satisfy underlying demand.

Australia's peak building industry body, HIA, said that today's figures underline the need for an all of government approach to addressing the supply side costs that have sent housing affordability to record lows.

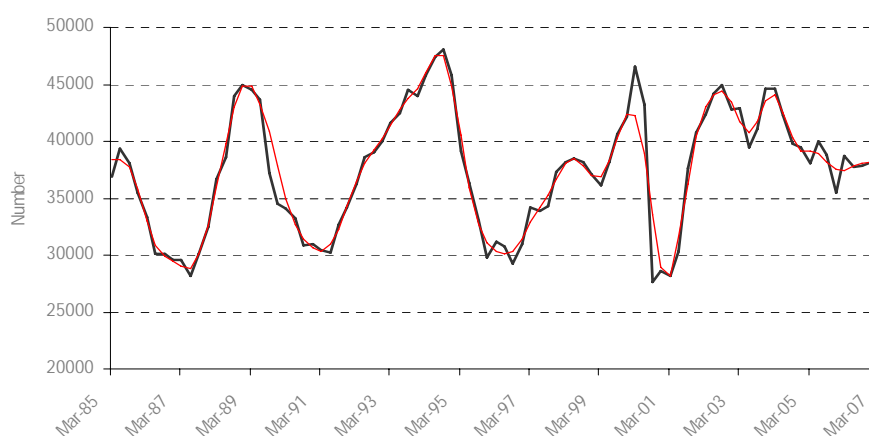
HIA's Chief Economist, Mr Harley Dale, said that despite healthy economic conditions the very large affordability barrier meant that throughout 2007 the level of house starts would continue to undershoot underlying demand by a considerable margin.

"On-going low levels of new residential construction primarily reflect a lack of affordable supply and we remain a long way off from building enough homes to meet housing demand," Mr Dale said.

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

On a state-by-state basis, the seasonally adjusted number of housing starts increased by 56 per cent in the Northern Territory and was up by 16.3 per cent in New South Wales and by 2.5 per cent in Queensland. Housing starts fell by 53 per cent in the Australian Capital Territory and were down by 4.9 per cent in Victoria, 4.6 per cent in Western Australia, 3.7 per cent in South Australia, and 3.4 per cent in Tasmania.

Housing Starts – Australia



FURTHER INFORMATION: Please contact:

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