

Fiscal Stimulus Boosting Housing

The much needed recovery in new home building got off to an encouraging start in the September 2009 quarter said HIA, Australia's biggest residential building association.

HIA's Senior Economist, Mr Ben Phillips said that according to Australian Bureau of Statistics figures released today, housing starts increased by 9.4 per cent in the September 2009 quarter following four consecutive quarters of decline.

"The First Home Owner Boost together with very low variable mortgage rates drove an increase of 8.4 per cent in detached house starts in the September quarter.

"Meanwhile the Federal Government's Social Housing Initiative played a role in generating a 13.1 per cent rise in other residential dwelling starts in the September quarter, from an awfully low base.

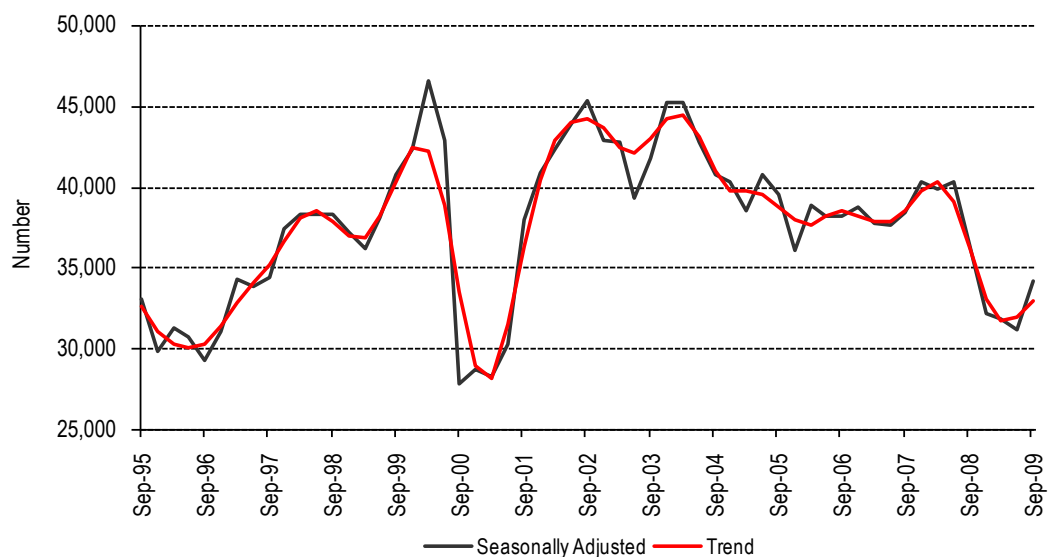
"Even allowing for the emergence of a new home building recovery, housing starts are still only running at an annualised level of 136,328. That is substantially below the level required to meet the demands of a rapidly growing population. Of particular concern is that Australia's fastest growing states, Queensland and Western Australia, are yet to see a housing recovery.

"HIA forecasts that commencements will continue to improve over this financial year with growth of at least 9 per cent expected in 2009/10. Further recovery will be threatened by any lack of progress in reducing the considerable supply side obstacles to residential construction, including re-emerging land and labour shortages." said Ben Phillips.

The number of housing starts in the September 2009 quarter grew by 6.9 per cent in New South Wales, 9.9 per cent in Tasmania, 53.8 per cent in the Northern Territory, and 23.6 per cent in the Australian Capital Territory. Housing starts dropped by 2.7 per cent in Victoria, 9.4 per cent in Queensland, 13.1 per cent in South Australia, and 4 per cent in Western Australia.

Total Dwelling Starts – Australia

Source: ABS 8750



FURTHER INFORMATION:
Ben Phillips 0424 147 321