

Slow Road for Housing Recovery

The Housing Industry Association, Australia's largest building industry organisation, said that final figures released today by the Australian Bureau of Statistics confirm that new residential building work fell in the June 2009 quarter, as did work commenced.

HIA Chief Economist, Dr Harley Dale said that while 2009/10 would be a healthier year for new residential construction, there was no strong recovery in prospect to make serious in-roads in to the shortage of new dwelling stock.

"We are on the cusp of a moderate recovery in new home starts and that should feed through to a positive year for new dwelling investment in 2009/10. However, the sixth consecutive decline in the worth of dwelling commencements in the June 2009 quarter highlights that dwelling investment isn't turning the corner yet," Harley Dale said.

Seasonally adjusted work done on new residential dwellings fell by 1.2 per cent in the June 2009 quarter to an annualised worth of \$33.2 billion, 6.5 per cent down on a year earlier. Work done on detached houses fell by 1.8 per cent over the June quarter to be worth \$22.3 billion in annualised terms. Work done on 'other residential building' was essentially flat at an annualised \$10.9 billion. Seasonally adjusted new residential work commenced in the June 2009 quarter fell by 7.4 per cent to an annualised \$32.3 billion.

"Even before adding rising interest rates to the mix, there are a number of factors likely to constrain the increase in new housing supply over the next 18 months, including projects bogged down in the approvals process, lack of available finance, and the very real threat that we will see residential land shortages re-emerge and skilled labour shortages across the construction sector intensify," said Harley Dale.

"These factors suggest that the recent gains in affordability will reverse and that the considerable pressure lower income rental households face from tight rental market conditions will remain with us for some time to come," Harley Dale.

The weakness in seasonally adjusted new residential work done in the June 2009 quarter was primarily reflected in Queensland where activity fell by 13.6 per cent. New residential work done fell by 1.8 per cent in South Australia, 0.4 per cent in New South Wales, and 0.2 per cent in Western Australia. New residential work done increased by 5.5 per cent in Victoria and was up by 5.6 per cent in Tasmania, 27.8 per cent in the Australian Capital Territory, and 48.6 per cent in the Northern Territory.

Total New Residential Building Work Done



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