

Short Term Dip for New Home Building

The Housing Industry Association, Australia's largest building industry organisation, said ABS figures showing a decline in new residential work done at the end of 2009 was a disappointing result.

HIA Chief Economist, Dr Harley Dale said that a 3.9 per cent fall in new residential work done in the December 2009 quarter suggested that skilled labour shortages may already be having a constraining impact on home building activity.

"The tripling of the First Home Owner Grant for new dwellings, aggressive cuts to mortgage rates, and the Social Housing Initiative will all drive the first round new home building recovery. Work in the pipeline increased considerably over the December quarter last year.

"The quarterly decline in actual home building activity in December 2009 is a reminder of the importance of ensuring sufficient skilled labour is available to keep the wheels of recovery turning," Harley Dale said.

The 3.9 per cent fall in new residential building work done in the December 2009 quarter reflected a 3.3 per cent decline in detached houses and a larger 5.3 per cent drop in 'Other residential' building.

"On a positive note, the volume of work done on major alterations and additions rose for a second consecutive quarter in December 2009, up by 2.8 per cent following a 6.3 per cent lift in September."

"Home price gains and the better than expected performance of the labour market have restored confidence to the renovations sector and 2009/10 will be a much stronger year again", Harley Dale said.

In the December 2009 quarter seasonally adjusted new residential work done fell in every state and territory with the exception of the ACT. New residential work done fell by 4.9 per cent in New South Wales, 4.7 per cent in Victoria, 0.7 per cent in Queensland, 6.1 per cent in South Australia, 10.1 per cent in Western Australia, and 1.8 per cent in Tasmania. New residential work done increased by 13.9 per cent in the ACT.

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