

ABS Confirms Weak End to 2008/09

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

HIA Chief Economist, Dr Harley Dale said that a recovery would emerge in new home building from late 2009, but it would be 2010 before a reasonable lift in construction activity emerged.

"Low interest rates, the First Home Owner Boost, and Federal programs such as the Social Housing Initiative will all contribute to a much needed recovery in new home construction in 2009/10 following a five year trend decline," Harley Dale said.

"It is clear, however that residential projects are getting bogged down in the approvals process - the rate of increase in building approvals in 2009 to date is lagging considerably behind the strong surge we have seen in new home lending", said Harley Dale.

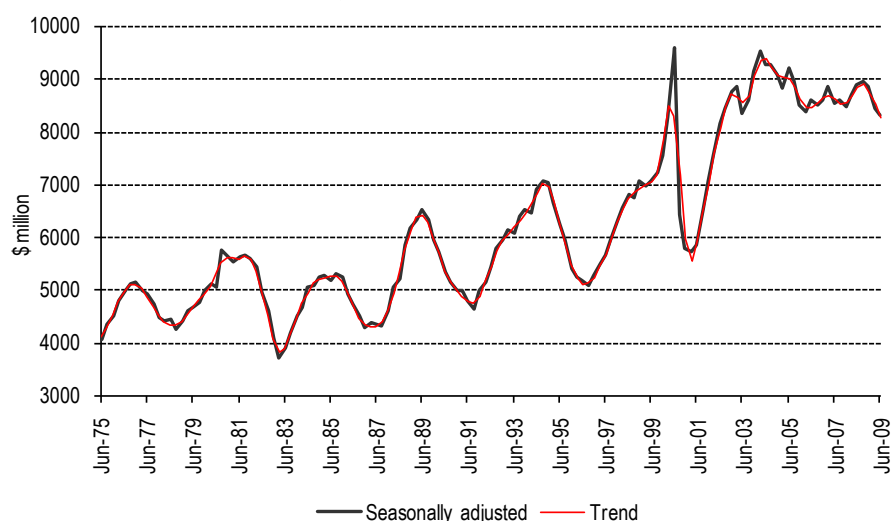
"That suggests the new home building recovery will be very modest to begin with and will not show up in earnest for construction work done until 2010," added Harley Dale.

Seasonally adjusted work done on new residential dwellings fell by 1.5 per cent in the June 2009 quarter to an annualised worth of \$33.2 billion, 6.4 per cent down on a year earlier. Work done on detached houses fell by 2.7 per cent over the June quarter to be worth \$22.3 billion in annualised terms. Work done on 'other residential building' increased by 1.2 per cent to be worth an annualised \$10.9 billion, although work yet to be done fell significantly.

The weakness in seasonally adjusted new residential work done in the June 2009 quarter was primarily reflected in Queensland where activity fell by 13.5 per cent and New South Wales where there was a decline of 2.1 per cent. Falls were also recorded in South Australia (-1.2 per cent), Western Australia (-1 per cent), and the Northern Territory where in original terms work done fell by 1.3 per cent compared to a year earlier. New residential work done increased by 6.6 per cent in Victoria and was up by 8.6 per cent in Tasmania and 29 per cent in the Australian Capital Territory.

"Work done on major alterations and additions fell by a disappointing 9.1 per cent in the June 2009 quarter but leading indicators suggest a turnaround in the second half of the year," said Harley Dale.

Total New Residential Building Work Done



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