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NEW HOUSING STABILISES

After two months of growth, the new housing sector eased in the month before the most recent rate rise.

Figures released today for February showed a 3.4 per cent fall in detached house approvals (down to 8,543), outweighing a rebound in flat/unit/townhouse approvals, (up 11.5 per cent to 4,451) resulting in a net fall of 0.5 per cent for the month.

Australia's peak building industry body, HIA said that while one month's worth of figures must always be read with caution, today's soft result combined with a barrage of recent anecdotes from Australia's volume home builders suggests that the housing sector is far from re-igniting.

HIA's Chief Economist, Mr Simon Tennent said that conditions were still vastly different from state to state with weakness in Queensland, South Australia and Tasmania more than offsetting growth in New South Wales, Victoria and Western Australia over the month.

"In terms of what the figures mean for interest rates it is hoped that today's flat result coupled with soft retail, GDP and consumer confidence numbers are enough for the Reserve Bank to sit on their hands.

"The industry does not need a second rate rise," Mr Tennent said.

"Reports from HIA members in both the new housing and renovation sectors continue to point to a soft year ahead with enquiries well down in March compared to late 2004," he added.

On a state by state basis, seasonally adjusted approvals rose in New South Wales, up 21.4 per cent, Victoria up 4.5 per cent, and Western Australia, up 8.1 per cent. Falls were recorded in Tasmania, down 6.1 per cent, Queensland, down 8.0 per cent and South Australia, down 33 per cent.

Further information:

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media release