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## SOFT HOUSING ACTIVITY CONTINUES

Work completed on Australia's tens of thousands of residential building sites has continued to slow.

Figures released today for work completed in the lead up to Christmas last year showed another soft quarter for Australia's builders with the value of new housing completed falling 5.4 per cent to \$7.1 billion. For the alterations and additions market, work done fell by a more moderate 1.8 per cent to \$1.37 billion.

Australia's peak building industry body, HIA, said that today's figures, which were largely expected, are further evidence of a building industry that has, and continues to face a lack of urgency among buyers, and a genuine difficulty in putting an affordable product onto the ground.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent, said that while the slowdown is in line with HIA's forecasts of a moderation in activity through to the second half of 2006, it is little consolation for those thousands of businesses who are currently being squeezed by the slowdown.

"New housing completions are at their lowest level since 2002, and the current spike in petrol prices is placing strain on household budgets, thus keeping a lid on home renovation activity," Mr Tennent said.

"Moreover, housing affordability remains stuck at near record lows which is by far and away the biggest issue facing volume home builders across the nation," he added.

"Display home traffic numbers are high and sentiment towards housing remains encouraging, but the yawning gap between household borrowing power and average new home prices will ensure that the slowdown still has sometime to run."

"If there are any positives to take away from today's figures, the value of residential work still in the construction phase is high, remaining stable at around \$14.7 billion dollars or about 7 months worth of work."

"Looking ahead, a continuation of a stable interest rate environment and increasing pressure on rental markets should see the value of new home building done across the nation contribute to economic growth in the second half of 2006," Mr Tennent said.

Across the country, new residential building activity fell by 27.7 per cent in Tasmania, followed by 12.8 per cent in the ACT, 11.1 per cent in New South Wales, 7.1 per cent in South Australia, 3.9 per cent in Victoria, and was down by 2.4 per cent in Queensland. Activity increased in Western Australia over the quarter, up 1.8 per cent.

**FURTHER INFORMATION:** Please contact:  
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