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## **NEW HOME STARTS FALL FURTHER BUT NO ALARM BELLS RINGING**

The number of housing starts in Australia fell moderately in the March 2005 quarter, providing further evidence that the housing industry is slowing but not falling in a hole.

Figures released today show that in seasonally adjusted terms 38,038 starts were recorded in the three months to March. That represents a fall of 2.2 per cent and leaves the level of starts 15 per cent off their peak.

Detached house starts fell 3.6 per cent over the March quarter. Multi-unit starts eked out a 0.8 per cent gain, consistent with building approvals for multi-units in early 2005.

Australia's peak building industry body, HIA, said the latest update for starts was an encouraging one.

HIA's Senior Economist, Mr Harley Dale, said that today's update provided further evidence that a 'soft landing' was in store for new residential construction.

"Housing starts have fallen four quarters in a row now, but they haven't dropped sharply," Mr Dale said.

"Housing starts are likely to have declined by around 12 per cent in 2004/05 overall and we expect to see a further 4 per cent easing in 2005/06. That would see starts bottom out at a level of around 146,600," he added.

"For the March quarter there were quite stark differences across states. Housing starts have fallen furthest from their peaks in New South Wales, Victoria, and Queensland. This is consistent with the story for new housing dropping out from both other official indicators and anecdotal evidence," Mr Dale said.

On a state by state basis the number of housing starts fell in New South Wales, down 14.8 per cent, Tasmania, down 12.2 per cent, Victoria, down 10.8 per cent, and South Australia, down a bare 0.6 per cent. Increases were recorded in the ACT, up 146 per cent per cent (due to a surge in multi-unit starts), Queensland, up 9.2 per cent, and Western Australia, up 4.4 per cent. In original terms starts fell by 28 per cent in the Northern Territory but were still 34 per cent higher than in the March quarter last year.

**FURTHER INFORMATION:** Please contact:  
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### Housing Starts by State

% change from peak for the cycle

