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## NEW HOME STARTS DIP IN SEPTEMBER QTR

New home starts fell in the September quarter, largely as a result of a pull-back in apartment starts.

According to figures released today, new home starts fell by 5 per cent to 38,035, bringing the year-to-September figure to 154,856, some 9.2 per cent down on the twelve months to September 2004.

Detached house starts fell by 2.2 per cent to 26,252 following a strong June quarter. Multi-unit starts dropped by 12.1 per cent to 11,201.

Australia's peak building industry body, HIA, said that today's figures confirmed an on-going easing in conditions within the housing industry.

HIA's Chief Economist, Mr Simon Tennent said that housing starts would be lower in 2005/06 than was the case last year.

"A still very large level of work in the pipeline is ensuring a moderate downcycle is unfolding, but there is some further weakness to come," Mr Tennent said.

"Building approvals, new home sales, and new housing finance all suggest a bottom has yet to be found for housing starts," he added.

"Nevertheless, as we progress through 2006 housing starts will stabilise rather than go into free fall and that is good news for our industry."

"Starts are currently at a level below the underlying demand for housing of around 160,000 starts per annum and 2006/07 should see the start of a gradual recovery."

"However, affordability is still very low and precious little seems to be happening in addressing this major problem. If the status quo holds and nothing tangible is done to address the significant structural costs of home building, then the next recovery in housing will be far more muted than it needs to be or should be," Mr Tennent said.

"Needless to say, any further rises in interest rates would hardly be a positive tonic for housing affordability," Mr Tennent added.

On a state by state basis, the number of housing starts fell in four states – down by 37.1 per cent in the ACT, 11.4 per cent in New South Wales, 9.5 per cent in South Australia, and 0.3 per cent in Queensland. Starts increased by 1.6 per cent in the Northern Territory, by 0.3 per cent in both Victoria and Western Australia, and by 0.2 per cent in Tasmania.

**FURTHER INFORMATION:** Please contact:  
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