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## DWELLING CONSTRUCTION GOING NOWHERE

Residential construction failed to grow at all in the September quarter as low affordability stifled any hope of a sustained recovery for home building.

Figures released today for work completed showed a flat result through the September quarter and 4.2 per cent less work done than in the September quarter last year.

The value of new housing eased by 0.4 per cent to \$7.8 billion. For alterations and additions, which captures around 25 per cent of the total renovations market, work done increased by 2 per cent to \$1.5 billion.

Australia's peak building industry body, HIA, said that stark differences remained across states with no real strength apparent outside resource-rich areas.

HIA's Chief Economist, Mr Harley Dale, said that while a sharp fall in residential activity would be avoided, the hopes of a sustained recovery over the remainder of 2006/07 were slim.

"Housing affordability is very low and still falling. That will lead to subdued levels of new home building over the next six to twelve months," Mr Dale said.

"Whenever there is such a large gap between what households can afford and the average price of a house and land package we are not going to see a recovery in residential construction," Mr Dale added.

"Strong labour markets and the retention of house price gains will prevent the situation from becoming dire."

"However, outside of Western Australia, the Northern Territory, and the Australian Capital Territory, today's update on the residential sector has, at worst been weak, and at best been only mildly positive."

Across the country, new residential building activity increased by 8.9 per cent in the Australian Capital Territory, followed by gains of 3.7 per cent in South Australia, 3.5 per cent in Western Australia, 2.7 per cent in Queensland, and 2.3 per cent in the Northern Territory. Activity fell by 7.3 per cent in New South Wales and was down by 3.6 per cent in Tasmania and 1 per cent in Victoria.

**FURTHER INFORMATION:** Please contact:  
Harley Dale, HIA Chief Economist, on 0414 994 186.  
<http://economics.hia.com.au>

