

Kitchen and Bathroom sector remains strong in 2005-06

Trade-up buyers and aggressive builders will keep Australia's \$10 billion kitchen and bathroom industry on the boil in 2005/06.

Commenting today on the release of HIA's annual *Kitchens and Bathrooms Report – Past Growth and Future Prospects*, Australia's peak building industry body, HIA, said that an estimated 443,600 kitchens and 668,200 bathrooms are forecast to be installed over 2005/06.

HIA's Chief Economist, Simon Tennent, said that while this was down slightly on the previous year, the push to higher quality, better appointed kitchens and bathrooms from consumers and builders will keep a floor under activity.

"Kitchens and bathrooms continue to be the most important rooms in any home," Mr Tennent said.

"Aside from their importance functionally, they are often regarded as the showpieces of the home and are subject to changes in taste and fashion more readily than any other area.,

"Today's report shows that 86 per cent of Australia's large volume builders are aggressively targeting this trend by offering upgrade packages for appliances, tapware, benchtops and bath fixtures in their new homes, with many consumers paying up to \$30,000 to upgrade.

"For professionals within the home renovation industry, average values and sizes of kitchen and bathroom cabinetry have been on the increase while specific material use has changed dramatically."

Mr Tennent said multiple basins and taps in bathrooms are increasing their share as are lever mixers, multiple shower heads and premium tapware. In kitchens, glass doors, engineered stone benchtops and European look appliances. "High quality drawer hardware such as soft closing doors and pull-out pantries are also gaining market share," he added.

For the future, a cooling in household spending and a softer new home market will see a period of consolidation in kitchen and bathroom activity over 2005/06 before the sector bounces back in 2006/07.

For further information please contact :

Simon Tennent, Chief Economist on 0419 445 557.

For a full copy of the 100 page *Kitchens and Bathrooms Report – Past Growth and Future Prospects*, please go to <http://economics.hia.asn.au>. Free copies are available (media only) by phoning Kirsten Lewis on (02) 6245 1393.



media release