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MEDIA RELEASE

GDP Shows Multi-Speed Economy More Entrenched

Today's National Accounts figures display a growing divide between the resource and non-resource sectors of the Australian economy, said the Housing Industry Association, the voice of Australia's residential building industry.

"The headline result of 1.3 per cent GDP growth in the March 2012 quarter is excellent and well above expectations, but once we drill down it really is a story about the mining states which are headlining economic production, versus the others which continue to do it tough. Quarterly growth in Western Australia and the Northern Territory was phenomenal while NSW went backwards," said HIA Senior Economist, Andrew Harvey.

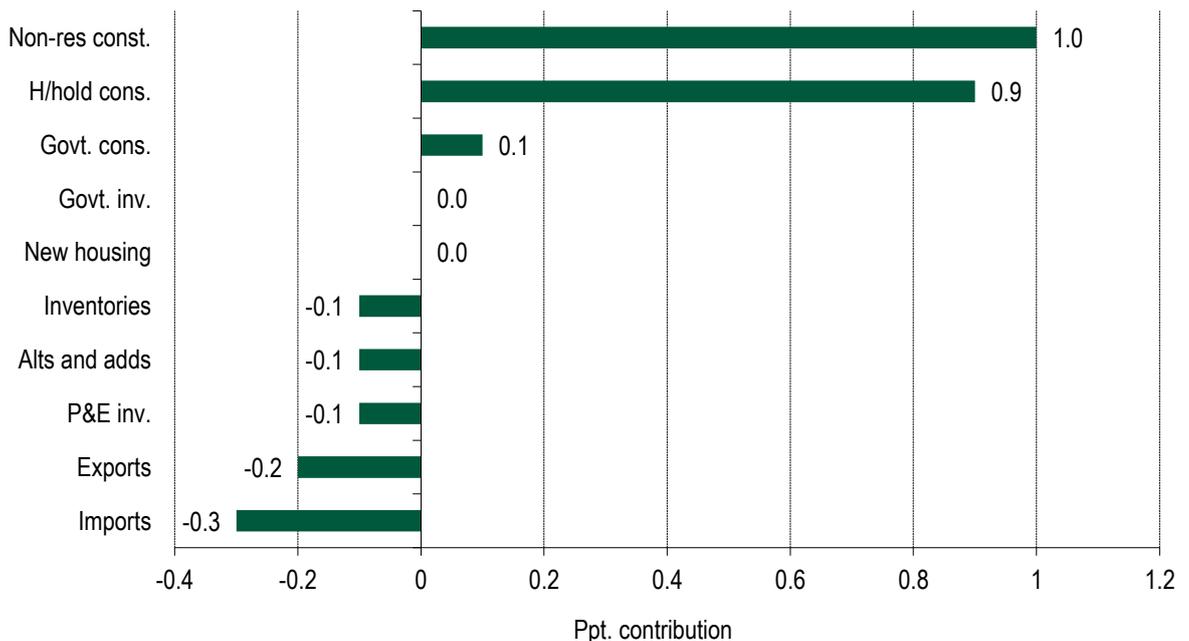
Dwelling investment again detracted from economic growth, with both new housing and alterations and additions declining. New housing expenditure fell by 0.3 per cent in the March 2012 quarter, and expenditure on alterations and additions fell by 4.4 per cent, with total dwelling expenditure detracting 0.1 percentage points from quarterly GDP growth.

"New dwelling investment has now fallen for four consecutive quarters, while renovations have detracted from growth in the last two quarters. Meanwhile, engineering construction, driven by mining, contributed 1.1 percentage points to quarterly growth – without this component quarterly GDP would have grown by just 0.2 per cent," said Mr Harvey.

"The good news is that consumers do seem to be spending again, the aggregate GDP growth figure should help confidence and yesterday's interest rate cut will help underpin residential building going forward. However, there's no doubt the challenges posed by the multi-speed economy will continue to see non-resource sectors face significant headwinds," said Mr Harvey.

Contribution to Economic Growth - March 2012 Qtr

Source: ABS 5206



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