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FOR IMMEDIATE RELEASE

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Rate Cut, \$10k Boost and Good Sales Buoy Gold Coast Building Outlook

The Reserve Bank Board today took the decision to cut interest rates by a quarter of a per cent.

This news together with a 20% rise in Gold Coast dwelling approvals over the 3 months to August (which followed an 8% rise in the July quarter) indicates residential building could soon turn the corner.

"Today's rate cut combined with better approvals numbers suggest we are on the way back to reasonable home building activity on the Gold Coast and we appear to be going against a downward trend in other states," said Mr Colin Buttenshaw, HIA executive Director Gold Coast & Northern Rivers.

"Some major home builders are starting to report reasonable home sales in July and better than expected sales for August. We are hoping this will be the start of home building revival on the Gold Coast – but we need 3 or more months of good sales to know if this trend is permanent and to ensure they turn into building starts on the ground."

Renovations have been much stronger than new home building with \$1.08 billion of work in the year to August for the Gold Coast and Northern Rivers. As the industry rebounds there is some fear that the skills shortage will reappear as many of the Gold Coast's and Northern River's skilled tradesmen have gone to the mines and other industries.

"We hope the up-turn is the result of the Qld Government \$10,000 boost and that there is more confidence in the community, however, we do not have the statistics yet to confirm this trend," said Mr Buttenshaw.

"Industry is also relying on the Gold Coast City Council to do their part and approve more land developments more quickly, and charge reasonable fees only to keep this modest improvement going."

"Both consumers and business need a shot of confidence given offshore and domestic economic circumstances. Today the RBA used the opportunity to administer that shot and it is exactly the right call," said Mr Buttenshaw.

"In terms of residential building this is exactly what the industry needs – a rate cut with potentially more to come will help entice buyers and investors back into the new housing market."

"It gives the prospect of a quicker turnaround from the soft home building conditions that have prevailed in the second half of 2011," added Mr Buttenshaw.

Mr Buttenshaw concluded that with a falling market in other mainland States, the Gold Coast could be considered as a good place to invest, especially in entry and medium level new homes.

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