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## Home Starts Reinforce Need for Urgent Housing Reform

A weak December quarter outcome has resulted in ABS Dwelling Commencements for calendar year 2011 being down by 12.8 per cent when compared to calendar year 2010, said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

"Total dwelling starts were down by 6.9 per cent in the December 2011 quarter, a result which means that in aggregate 148,108 new homes were started across Australia in 2011. This is 21,776 homes less than the 169,884 homes started in 2010," HIA Senior Economist, Andrew Harvey said.

"The December 2011 quarter dwelling commencement result is the worst since June 2009, with starts running at an annualised level of just 134,612 in the quarter," said Mr Harvey.

"Private sector detached housing starts have now fallen for eight consecutive quarters and combined with other housing indicators highlights the urgency with which the Commonwealth Government needs to reform housing supply. The glacial pace of policy reform in terms of reducing the high cost of new housing is unsustainable and is causing unnecessary social and economic costs," noted Andrew Harvey.

"Rather than focussing on a short-term budget surplus outcome the Commonwealth Government would be better-placed looking at how it can reform housing supply in order to lift home building levels, boost economic activity, and secure important productivity benefits," said Mr Harvey.

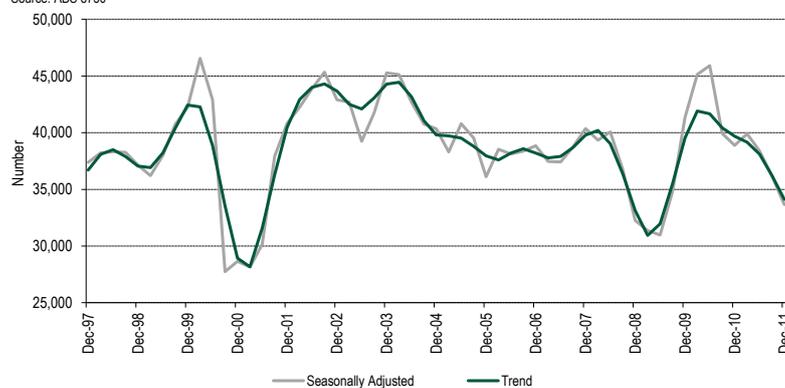
"Indeed, working closely with the states and territories to undertake expedient and rational housing supply reform such as drastically cutting stamp duty on new homes should be at the top of the Government's priority list in the current economic environment," added Andrew Harvey.

In the December 2011 quarter detached house commencements fell by 2.9 per cent to 22,177 to be down by 8.0 per cent on one year earlier. Meanwhile, commencements of 'other dwellings' dropped by 14.6 per cent to 11,136 to be down by 23.2 per cent on one year earlier.

The number of seasonally adjusted dwelling commencements fell in six of the eight states and territories in the December 2011 quarter. Dwelling commencements fell by 7.3 per cent in Victoria, 17.9 per cent in Queensland, 15.4 per cent in South Australia, 3.3 per cent in Western Australia, 20.1 per cent in the Northern Territory, and 18.5 per cent in the ACT. Seasonally adjusted starts rose by 0.6 per cent in NSW and by 5.8 per cent in Tasmania.

Total Dwelling Starts – Australia

Source: ABS 8750



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