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MEDIA RELEASE

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Housing Activity Disappoints in March Qtr

Preliminary ABS figures released today provide a disappointing update for residential construction in the March 2012 quarter, said the Housing Industry Association, the voice of Australia's residential building industry.

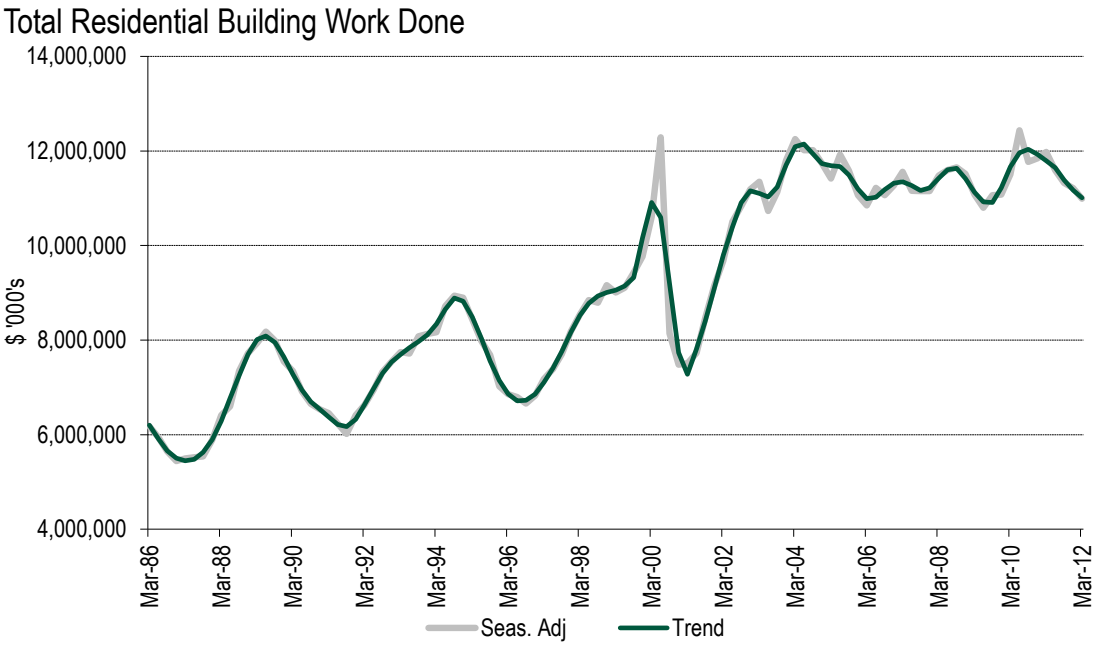
HIA Senior Economist, Andrew Harvey, said that, "The total value of residential building work done fell by 2.0 per cent in the March quarter with new dwellings down by 1.4 per cent and renovations down by a sizeable 5.3 per cent," Andrew Harvey said.

"The result is a concern as it suggests not only that dwelling investment will again detract from GDP growth in the March 2012 quarter, but also that the renovations side of the residential building industry is now also facing headwinds," noted Mr Harvey.

In annual terms, major renovations (alterations and additions) activity is down by 5.1 per cent over the year, while new housing is down by 8.8 per cent.

"Renovations have been the positive news story for the residential building industry with the value of total work holding up relatively well, but there are now mounting signs that this side of the industry is slowing."

"Today's data is just another piece of evidence that current policy settings need to be amended. The official GDP growth forecasts remain too optimistic, interest rates need to be cut again next week and governments need to quickly support the domestic non-resources industry, including residential building and manufacturing so that the nation is well-placed to grow in the longer-term," added Andrew Harvey.



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