



the voice of the industry

FOR IMMEDIATE RELEASE

18 April 2012

Housing Weakness to Persist in 2012

Final ABS figures released today confirm a very weak quarter for both new housing and major alterations and additions activity in December 2011, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Chief Economist, Dr Harley Dale, said that from a weak starting point, housing conditions were undergoing further deterioration in 2012.

"In the December 2011 quarter seasonally adjusted residential building work done fell for a third consecutive period, declining by 1.8 per cent to an annualised level of \$44.5 billion," said Harley Dale. "Evidence over 2012 to date confirms further weakness this year."

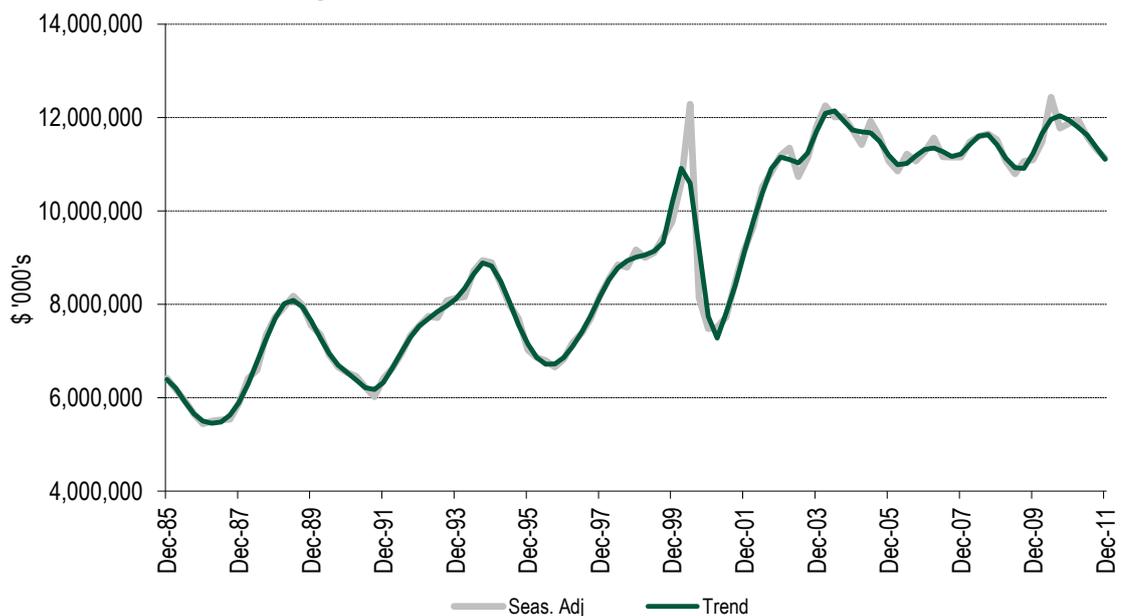
"Housing is a key driver of economic activity and has a substantial multiplier impact through to the wider domestic economy. Evidence of persistent weakness in Australia's residential construction industry, especially new home building, should be a key concern for policy makers."

"The situation is very clear – interest rates are too high, the short term focus on a return to budget surplus mistimed, and housing policy reform too slow," said Harley Dale. "If Australia's current policy mix was a cake mix, nobody would be eating the final product."

New residential building work done fell by 1.7 per cent in the December 2011 quarter to be down by 7.7 per cent when compared to the December 2010 quarter. Meanwhile, the value of major alterations and additions work done, which accounts for around 20 per cent of total renovations activity, fell by 2.1 per cent over the quarter but was up by 2.0 per cent over the year.

"Dwelling investment, an alternative measure of housing available in the National Accounts, knocked a sizeable 0.2 percentage points off growth at the end of last year," added Harley Dale. "Further negative contributions are set to follow in both the March and June quarters of 2012."

Total Residential Building Work Done



For further information please contact:
Harley Dale, Chief Economist

0414 994 186

MEDIA RELEASE