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Long road ahead for new home building

The ABS Dwelling Commencements update for the June 2012 quarter confirms that Australia's new home building sector fell back into recession in 2011/12, said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

"To lift dwelling commencements off a GFC-equivalent low from 2012/13 requires policy reform and investment from federal and state governments, augmented by further interest rate deductions," said HIA Chief Economist, Dr Harley Dale. "Too few governments in Australia are implementing the policies required to stem the negative consequences a persistently weak new housing sector is having on tens of thousands of Australian businesses and many more labour market participants."

"The total number of new home commencements in the 2011/12 financial year fell 11.7 per cent to 138,852. There have only been two periods in the last fifteen years where the total number of dwelling commencements in a twelve month period have been lower than they are now - the first was at the time the GST was introduced, and the second was in 2009 during the worst of the financial crisis," said Harley Dale.

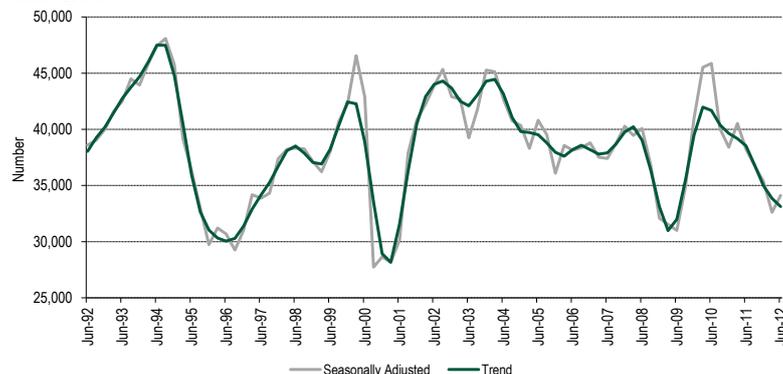
Dwelling commencements increased by 4.6 per cent in the June 2012 quarter. However, this only partially reclaims ground lost in the previous quarter and leaves annualised housing starts at a low 136,484.

In seasonally adjusted terms, detached dwelling commencements fell by 2.2 per cent in the June 2012 quarter. "This result continued the downward trajectory and provided not only the tenth consecutive quarterly decline but also the lowest number of detached house starts in any quarter since June 2001," Harley Dale said.

Nationally, commencements for non-detached dwellings rose by 17.2 per cent in the June quarter. "Improvements in June quarter commencements were narrowly based, primarily occurring in the non-detached dwelling segments of New South Wales and Victoria which recorded impressive increases of 64.5 per cent and 15.8 per cent, respectively. This reflects the market's response to policy changes in these two states," added Harley Dale.

The number of seasonally adjusted dwelling commencements increased in four of the eight states and territories in the June 2012 quarter. Dwelling commencements increased by 25.9 per cent in New South Wales, 2.8 per cent in Victoria, 8.1 per cent in Queensland and 68.8 per cent in the Northern Territory. Seasonally adjusted dwelling commencements fell by 9.3 per cent in South Australia, 6.1 per cent in Western Australia, 5.0 per cent in Tasmania, and 1.0 per cent in the ACT.

Total Dwelling Starts – Australia
Source: ABS 8750



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