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MEDIA RELEASE

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HIA Marks Down South Australia's Home Starts Forecasts in Latest Outlook Publication

The Housing Industry Association, the voice of Australia's residential building industry, today released the winter edition of its South Australia State Outlook, the state's most comprehensive housing report card.

The winter Outlook provides a comprehensive account of the very poor conditions afflicting South Australia's housing industry halfway through 2012.

South Australia's seasonally adjusted dwelling commencements fell by 17.9 per cent in the December 2011 quarter and remained at this lower level in the March 2012 quarter. This six month period reflects only 8,508 starts in annualised terms – more than 2,000 less than the 10,528 homes started in 2010/11 – and a very poor starting point for this forecasting round.

"We have already endured a weak 2011 with only 9,630 homes started, but the state of new home building in South Australia is even worse than we had contemplated," said Mr Robert Harding, HIA Executive Director for South Australia.

"All the available evidence has forced a downward revision to our new home building forecast – in calendar year 2012 we are forecasting an 11.0 per cent fall which would take South Australia's starts to 8,569. A modest 1.8 per cent improvement is expected in 2013 which would take starts to 8,724," said Robert Harding.

"The bottom line is that South Australia looks likely to experience two consecutive years of recessionary conditions in the new home building sector. It will be challenging for those in the residential building industry and it will be detrimental to the state's economy," said Mr Harding.

"The deteriorating new home building outlook reinforces the ugency with which the South Australian Government needs to reform housing supply, starting with a large reduction in the states taxes falling on the sector," Robert Harding added.

The state's renovations sector weakened by 5.2 per cent in 2010/11, but a moderate improvement is expected this year.

"Our renovations investment forecast for South Australia is a more positive story, with activity expected to have grown by 2.7 per cent in 2011/12 and a further 1.1 per cent expected in 2012/13. This would take the value of total renovations investment to $1.99 billion," added Mr Harding.

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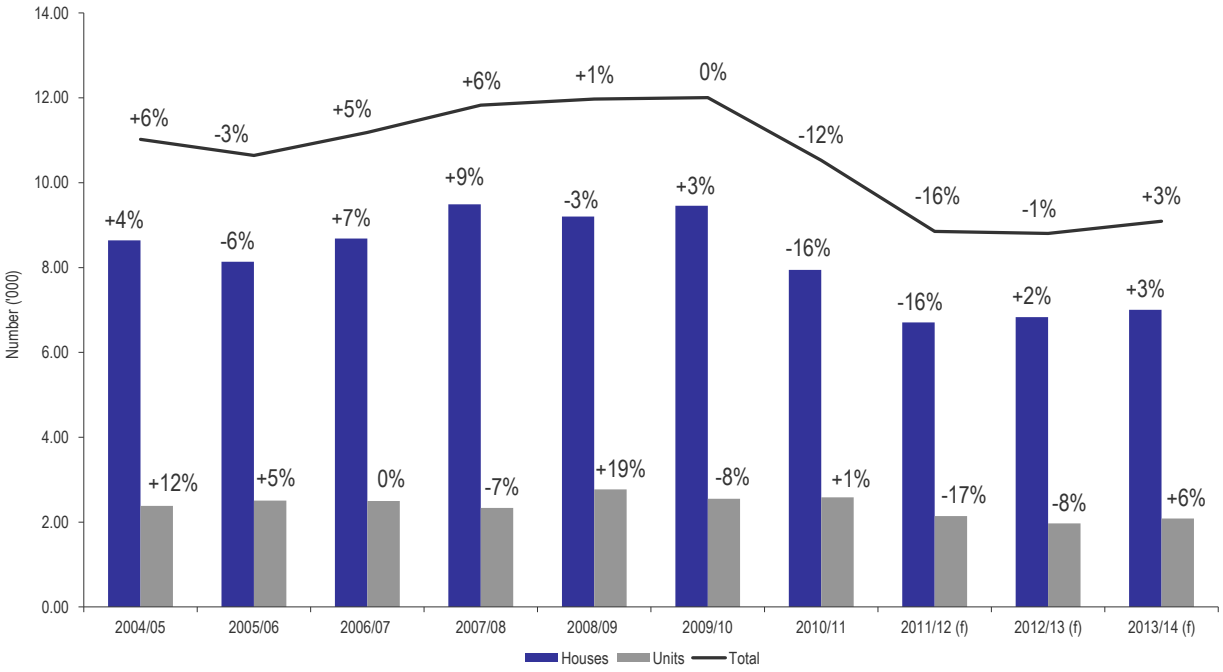
New Housing Forecast, by Type, SA Dwelling Starts

Source: ABS