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# HIA updates its housing forecasts: Victoria receding from record home building levels

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

The autumn Outlook outlines a picture of further softening in Victorian new home building over the coming year.

"New home building in Victoria clearly continues to slow, although it's important to note that it is from record levels," said HIA Executive Director, Victoria, Mr Gil King.

"Victoria's housing starts are still running at strong levels when compared to historical norms, and we are still building at levels well above our nearest new home rival, New South Wales."

"HIA is forecasting an easing in Victoria's housing starts, to a bottom of 43,580 starts in 2013/14, from the peak of 59,060 starts in 2010/11," said Mr King. "Although the proportional decline is sizeable, this would still mean Victoria is building at around the decade-average."

"The reality is that new home building is doing it tough in most markets around Australia at the moment, not helped by interest rates which are too high, highly cautious consumers, and the taxation levied on new housing being excessive."

"In terms of Victoria this makes it crucial that the State Government undertakes serious housing supply reform and does not make any policy decisions that would make the Victorian home building outlook worse. It is essential that Victoria's new home bonus is retained in its entirety for the purchase of new housing, even if it is removed for the purchase of established housing," Gil King said.

On the renovations front in Victoria, total investment edged up by 2.0 per cent in 2010/11 to $6.46 billion.

"The outlook for the renovations side of the residential building industry is somewhat rosier, with renovations investment forecast to increase by 4.6 per cent to $6.76 billion in 2011/12, which would be a new record for Victoria," added Mr King.

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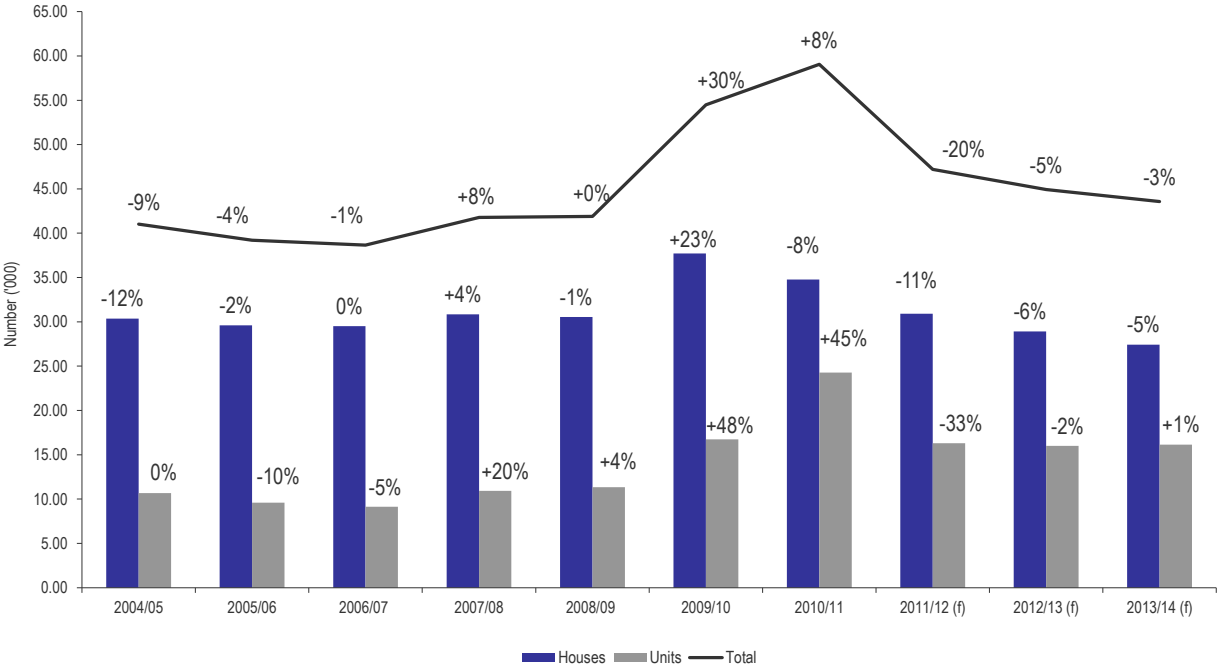
New Housing Forecast, by Type, VIC Dwelling Starts

Source: HIA Economics Group