

14 December 2010



## Large Drop in Home Starts in September Quarter

ABS Dwelling Commencements (housing starts) fell in the September 2010 quarter said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

HIA Senior Economist, Andrew Harvey, said that total housing starts declined by 13.2 per cent in the third quarter of calendar 2010, in a worse-than-expected result.

"Every category of dwelling starts fell, across both the private and public sectors, with the magnitude of the result driven largely by the fall in public sector "other dwellings" which is down by 26.6 per cent in the September quarter," said Andrew Harvey.

"This is due to the unwinding of the Federal Government's Social Housing Initiative, with the number of public sector "other dwelling" starts falling from 17,327 in the June quarter to 12,726 in the September quarter," Andrew Harvey noted.

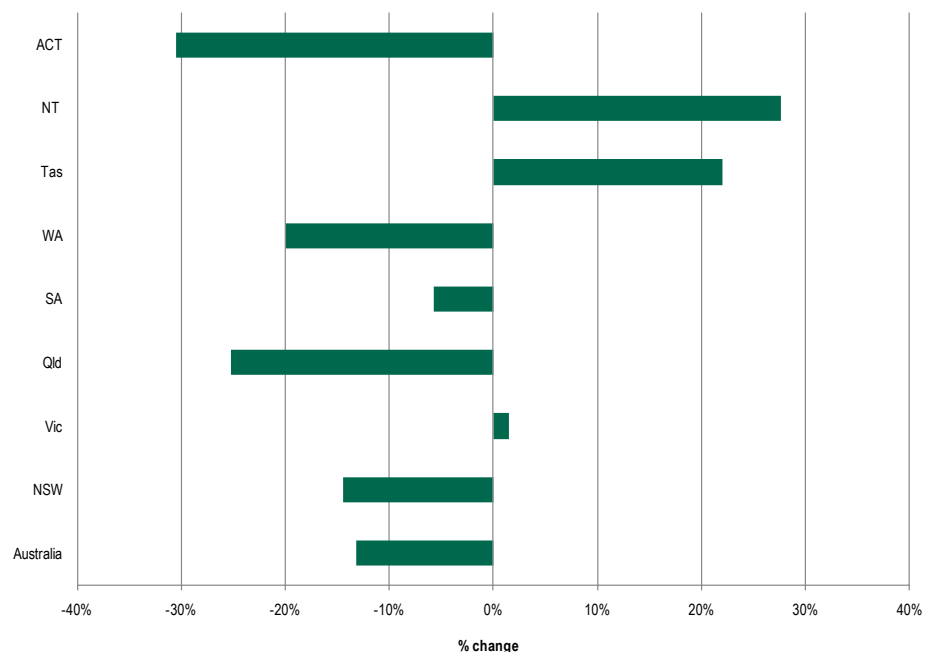
The fall in public sector dwelling starts in NSW and Queensland contributed much to the headline result, with public sector starts in the two states falling from an abnormally high 3,245 in the June 2010 quarter to 1,321 in the September 2010 quarter in original terms.

"Leaving aside the public sector result, private sector detached house starts fell by 4.3 per cent and private sector "other dwellings" fell by 13.5 per cent, in the quarter," noted Mr Harvey.

"The results are disappointing in that they confirm HIA's view that we are heading into a period of much weaker atmospherics for residential building, and given the September quarter result is ahead of any impact from the Melbourne Cup day interest rate hikes we are in for a pretty soft 2011 in terms of housing starts," added Andrew Harvey.

The number of housing starts (including conversions) in the September 2010 quarter fell by 14.5 per cent in New South Wales, 25.2 per cent in Queensland, 5.7 per cent in South Australia, 19.9 per cent in Western Australia and 30.5 per cent in the ACT. Housing starts rose by 1.5 per cent in Victoria, 22.0 per cent in Tasmania, and 27.6 per cent in NT.

Change in housing starts - September 2010 Quarter  
Source: ABS 8750.0



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