

Australia Still Over 50,000 Homes Short

The recovery in new home building will fall short of what is required to meet increases in Australia's population, according to the Housing Industry Association's latest National Outlook.

The HIA's Chief Economist, Dr Harley Dale said that speed limits on the supply of new housing would mute the home building recovery over the next three years.

"The issue confronting the housing industry is not a shortage of demand but rather supply side constraints caused by bottlenecks in the availability of serviced urban land and a shortage of suitably skilled tradespeople.

"These barriers played a big role in generating the longest decline in new home building in Australia's post war history where 2009 will mark the seventh consecutive year of weakness in housing starts.

"These same constraints run the risk of causing even more economic and social damage over the next few years, and that is before we face the challenge of building the more than 6 million dwellings that will be needed over the next forty years to match Australia's projected population growth.

"Failure to address the obstacles to boosting Australia's housing supply will lead to damaging bouts of house price inflation and the imposition of a higher interest rate structure than we would otherwise experience," said Harley Dale.

HIA is forecasting the number of housing starts to increase by 9 per cent over 2009/10 following a drop of 18 per cent last financial year. Starts are forecast to grow by a further 16 per cent over the period 2010/11 to 2011/12 to reach 166,000 dwellings.

After suffering a 4 per cent decline in 2008/09, total investment in renovations is forecast to increase by 10 per cent over the three year period to 2011/12, reaching a record worth of \$32.8 billion.

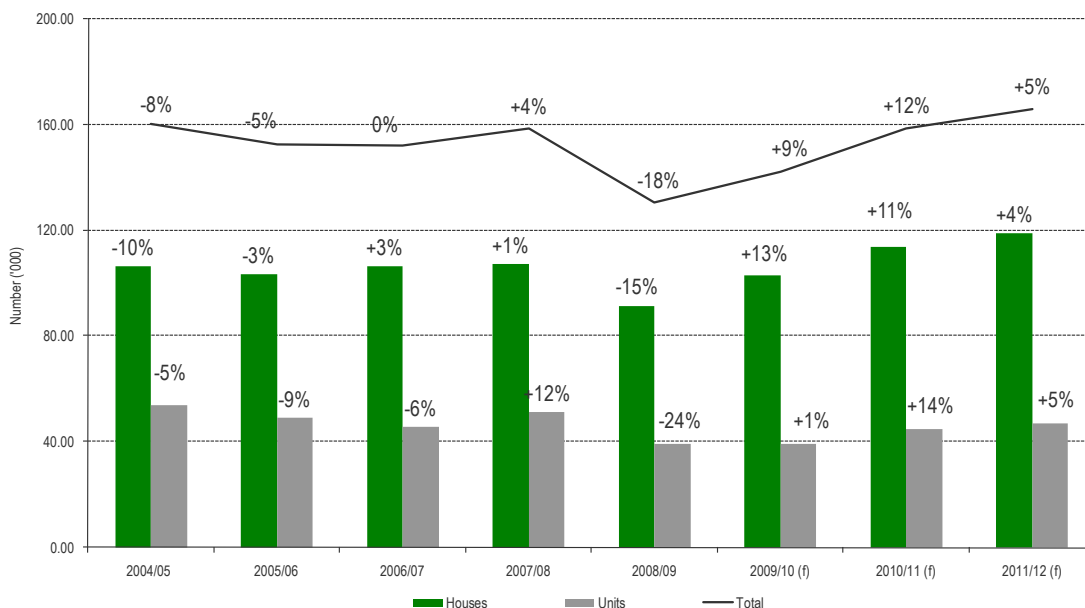
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New Housing Forecast, by Type, AUS Dwelling Starts

Source: HIA Economics Group



Note to editors

1. HIA's State and National Outlook publications are a comprehensive quarterly roundup of key housing indicators on a state by state and National basis. There are nine reports in the set.
2. The data is sourced each quarter from the Australian Bureau of Statistics, the Department of Employment and Workplace Relations, the National Centre for Vocational and Education Research, rpdata.com/Rismark, and HIA's own datasets.
3. For a copy of the full 80 page HIA Outlook reports (media only) please contact Kirsten Lewis on (02) 6245 1393 or k.lewis@hia.com.au. Copies of HIA State and National Outlook can be ordered from <http://economics.hia.com.au>