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Further Signs that Residential Building has Peaked

Preliminary ABS figures provide further evidence that the new home building upturn may have peaked earlier in 2014, said the Housing Industry Association, the voice of Australia's residential building industry.

During the September 2014 quarter, a total of \$13.4 billion worth of work was done in the residential construction sector. This represented a 1.6 per cent reduction on the previous quarter, although it was 8.6 per cent higher than a year earlier.

Total work done on new dwelling construction declined by 1.8 per cent during the quarter, but was still some 9.5 per cent higher than the same period of the previous year. Renovations work done was unchanged during the September 2014 quarter and was 2.8 per cent higher than a year earlier.

"These figures provide further evidence that the upturn in new home building activity may have peaked during 2014," commented HIA Senior Economist, Shane Garrett.

"Australia needs to build about 180,000 homes per year over the longer term to meet its requirements," explained Shane Garrett. "We have only recently reached this threshold, and the fact that we are moving below it again bodes poorly for the country's housing prospects," cautioned Shane Garrett.

"We also concerned to see that the renovations market has not made any headway over the most recent quarter," added Shane Garrett. "This is an area of residential construction that has endured a slump over the past few years."

"We are in danger of falling behind in the quest to provide enough housing for future generations of Australians," remarked Shane Garrett. "Several factors act as major obstacles to the ensuring sufficient levels of new home building. It is vital that issues like land supply bottlenecks, planning delays and excessive taxation are dealt with as a matter of urgency," concluded Shane Garrett.

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