



Economics Group

The Outlook for Queensland's Housing and Renovation Industry

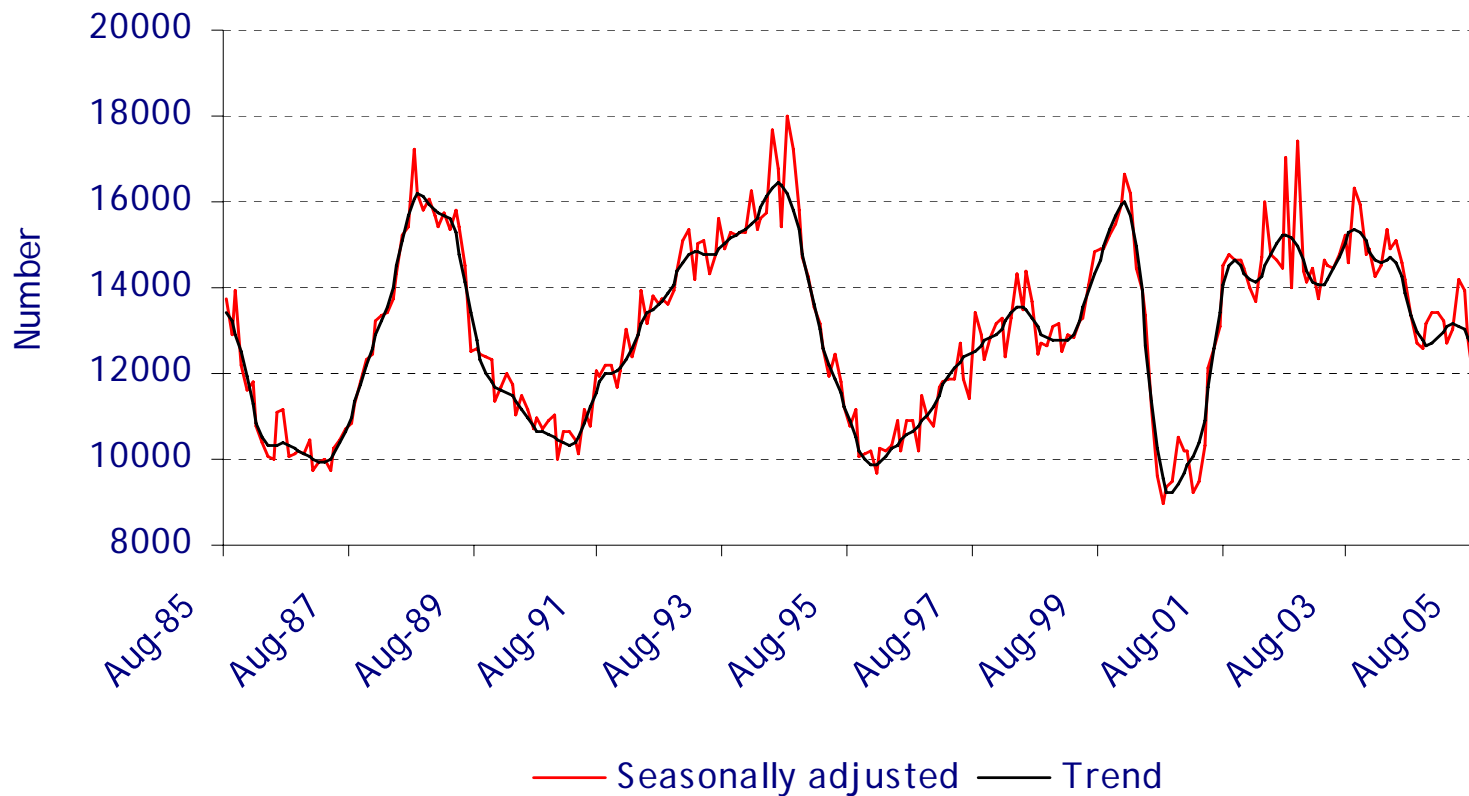
**Simon Tennent
HIA Chief Economist**

November 2005



Longest boom, softest fall....

Building Approvals - Australia

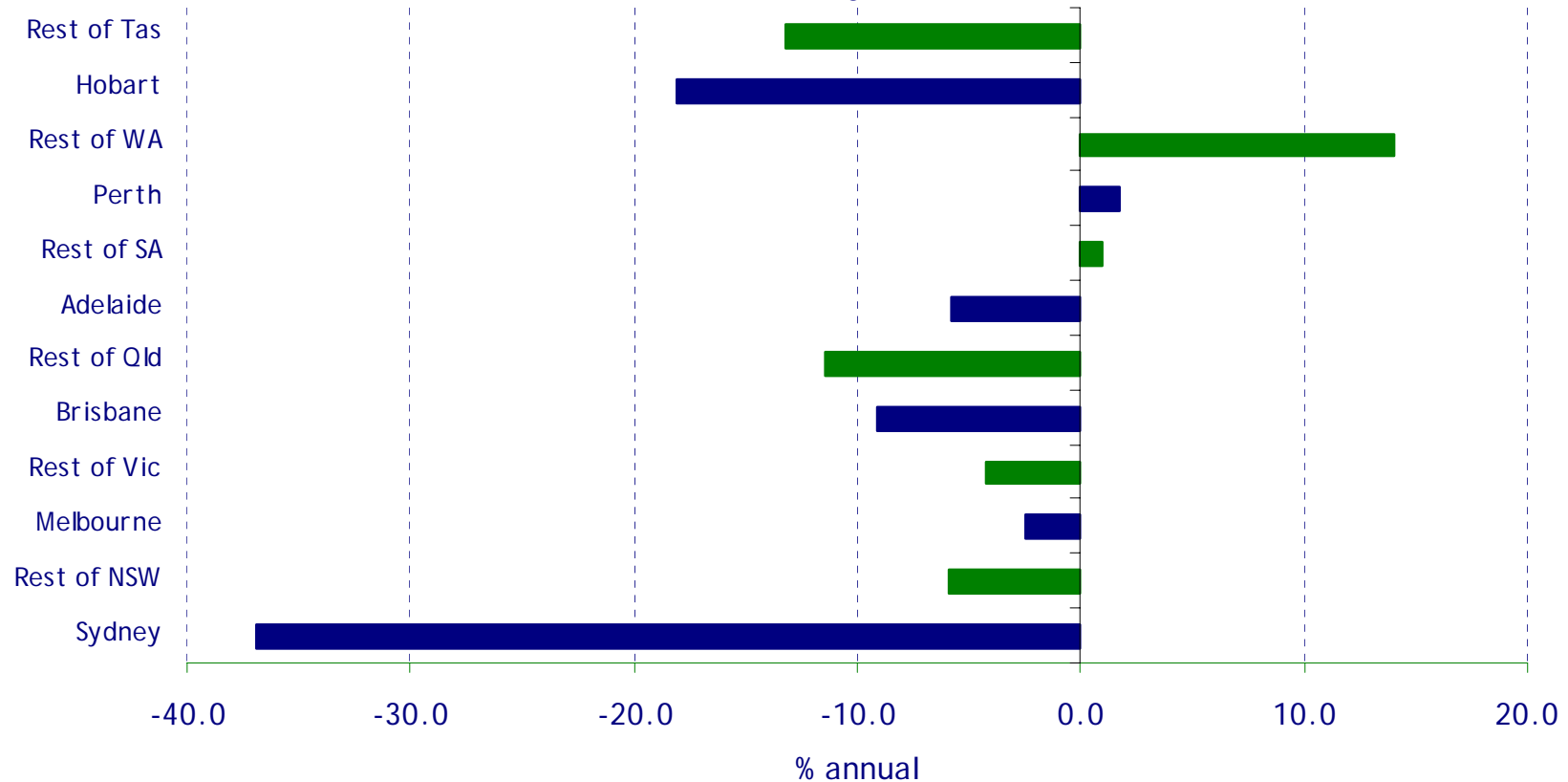




Stark differences across states and regions

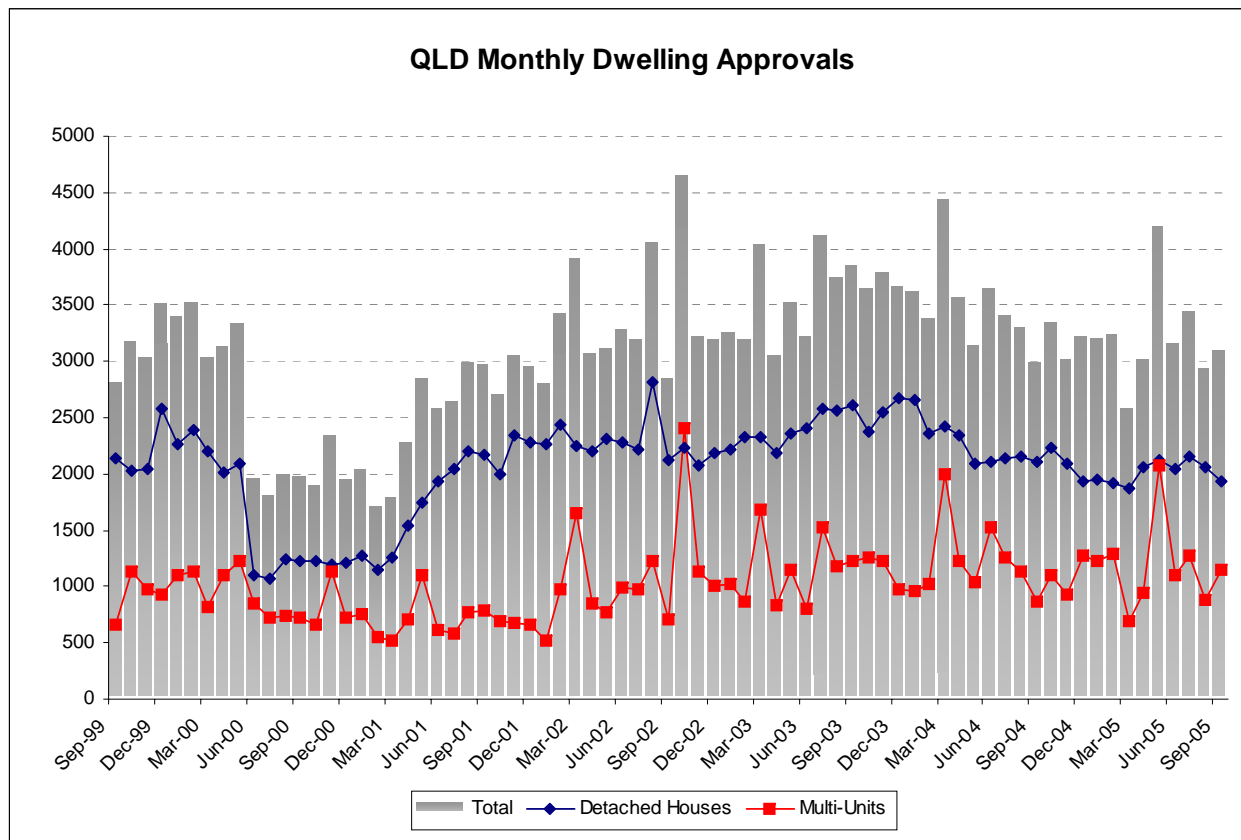
Building Approvals - Capital City vs Rest of State

Six months to August 2005





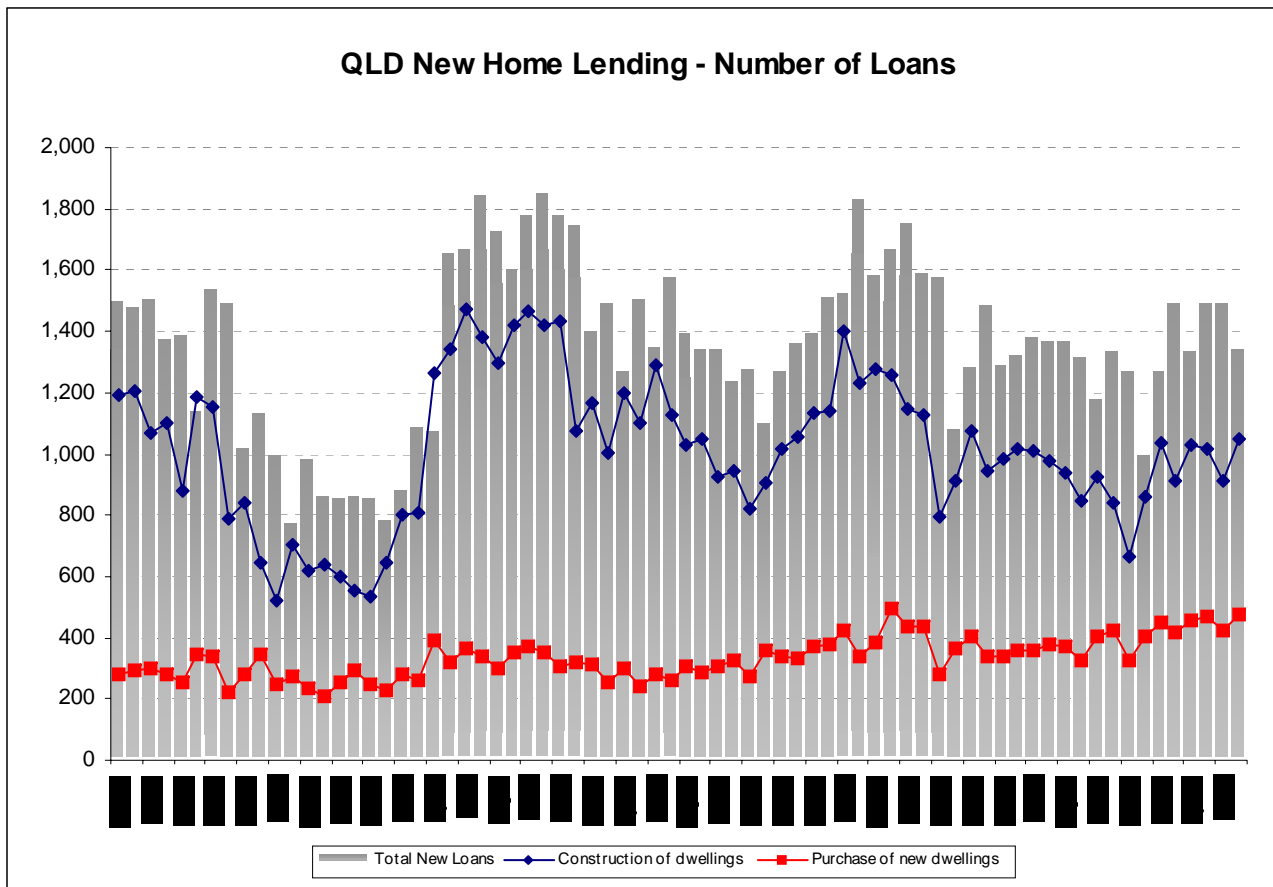
For QLD, approvals are still easing



- Detached house approvals showing the most weakness
- Units still choppy but stable
- Total approvals are below underlying demand



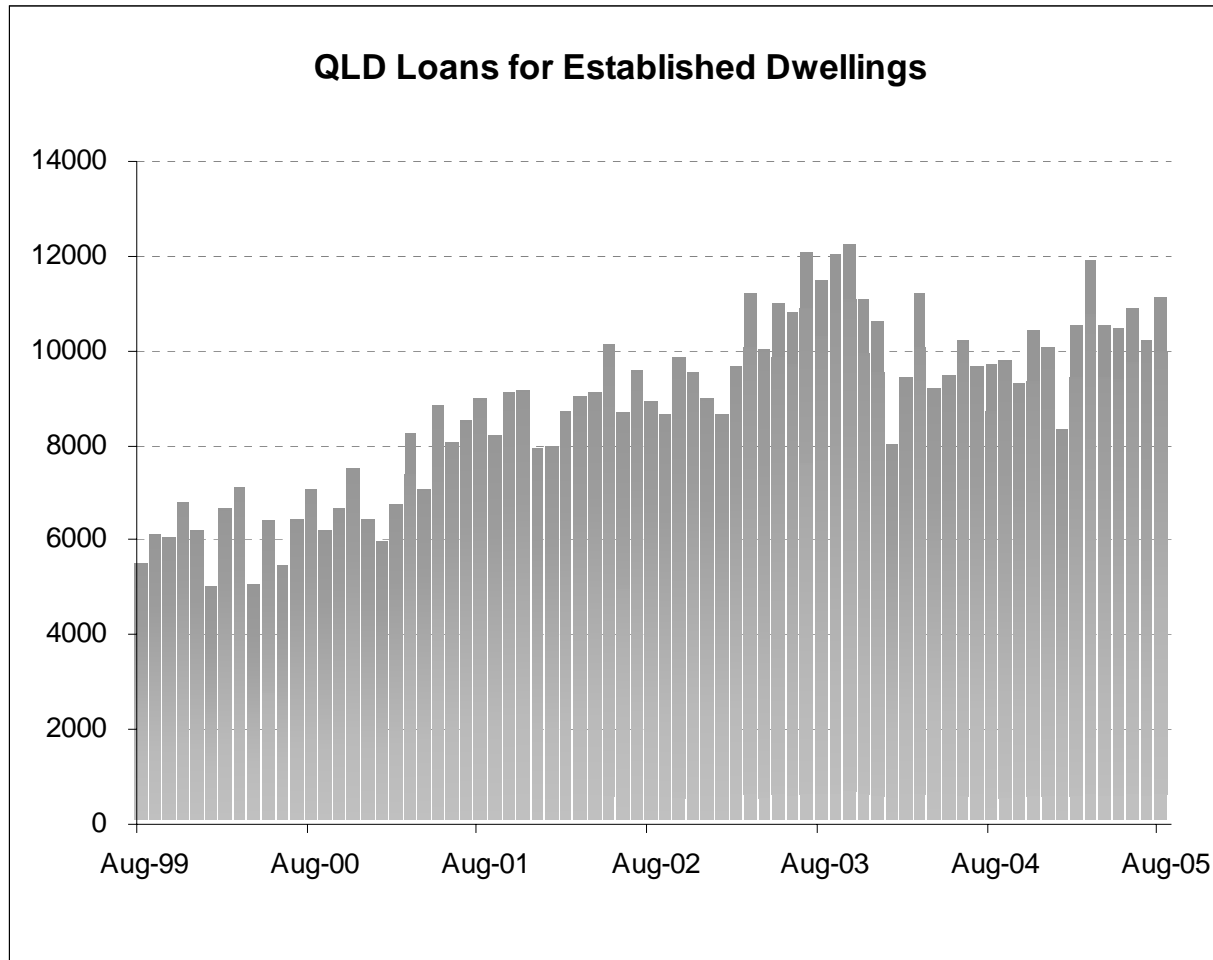
New Home Lending pipeline gathering some momentum



- Lending for the construction of a home trending back upwards
- Purchase of established homes also increasing...
- ...more spec homes on offer perhaps..?



And there is still some velocity in the established real estate market



- The number of established homes changing hands is strong
- The sale of established homes (turnover of stock) is important for new home demand



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Region by Region



Brisbane

2004 Population: 1,774,890

Growth Rate: 2.3%

Extra Persons per Annum: 39,709

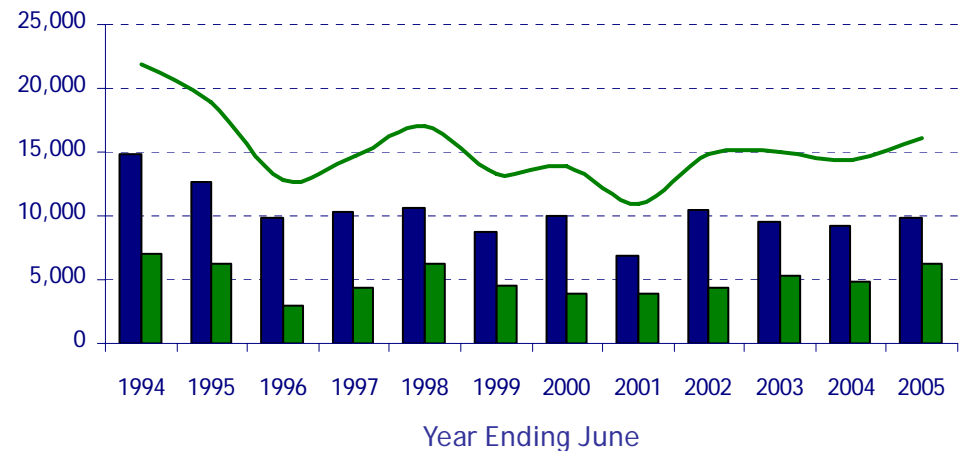
Population Density: 379.8 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	62,995 (76%)
Flats and Townhouses:	11,779 (14%)
Units over 4 Storeys:	537 (1%)
Other:	7,502 (9%)
Total:	82,813

Dwellings Approved - Brisbane

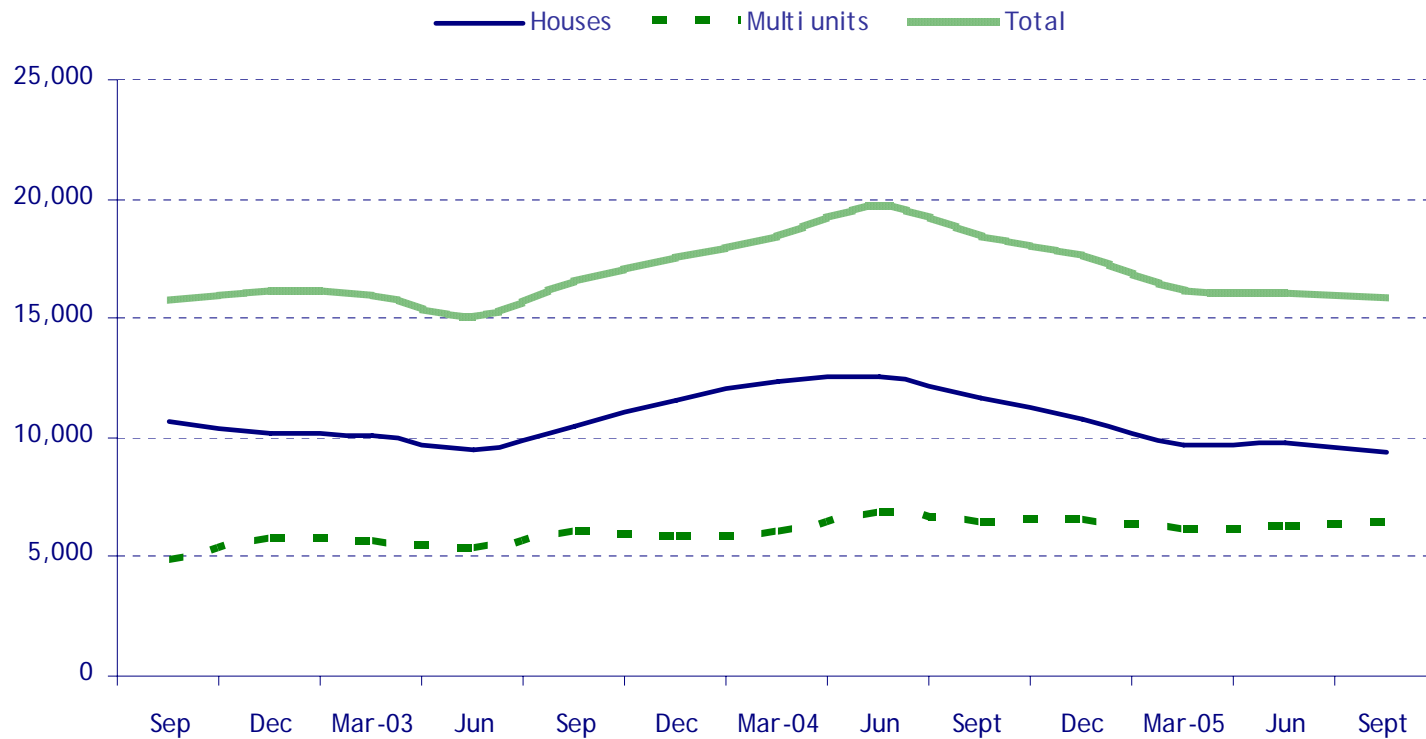
Houses Multi units Total





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Brisbane





Moreton

2004 Population: 797,969

Growth Rate: 2.9%

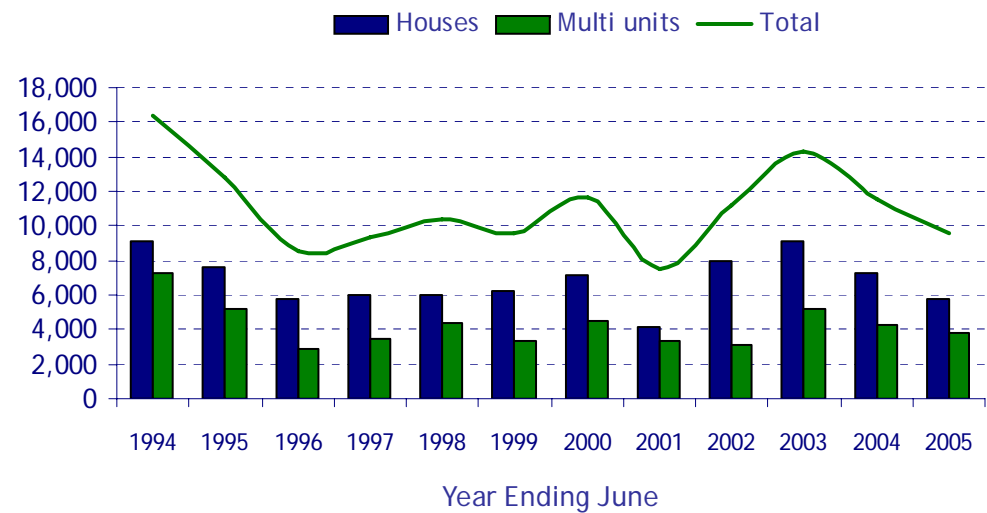
Extra Persons per Annum: 22,159

Population Density: 45.3 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	189,364 (59%)
Flats and Townhouses:	70,795 (22%)
Units over 4 Storeys:	17,101 (5%)
Other:	42,489 (13%)
Total:	319,749

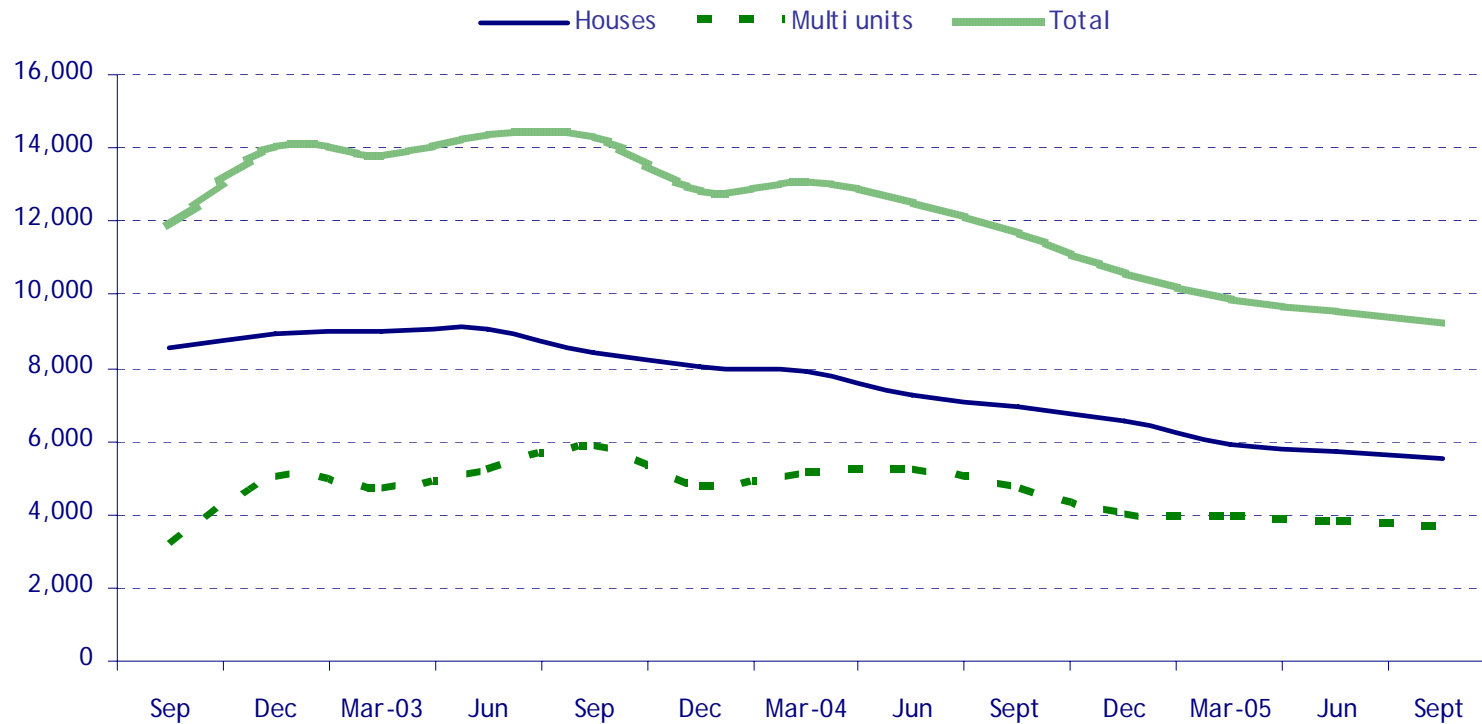
Dwellings Approved - Gold Coast/Noosa





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Gold Coast/Noosa





Wide Bay Burnett

2004 Population: 250,503

Growth Rate: 2.3%

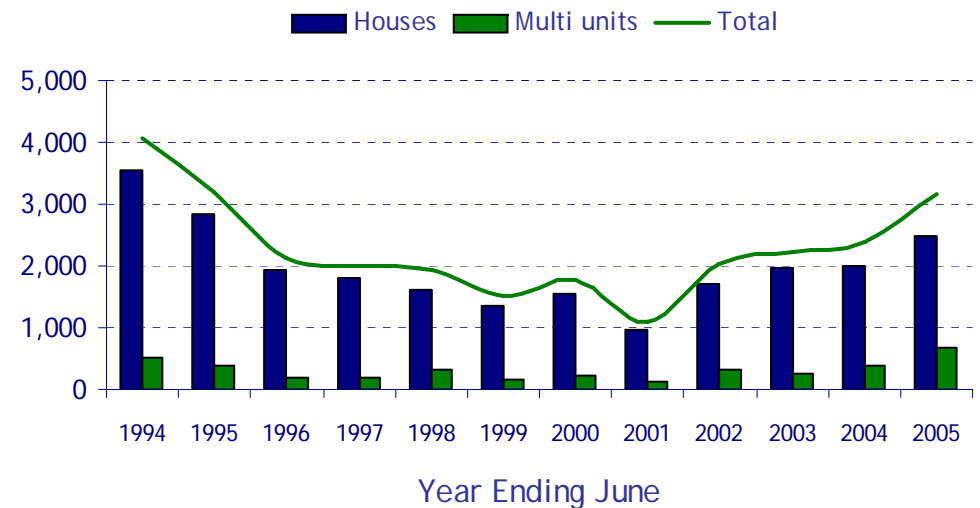
Extra Persons per Annum: 5,656

Population Density: 4.8 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	77,483 (75%)
Flats and Townhouses:	7,718 (7%)
Units over 4 Storeys:	142 (1%)
Other:	17,964 (17%)
Total:	103,307

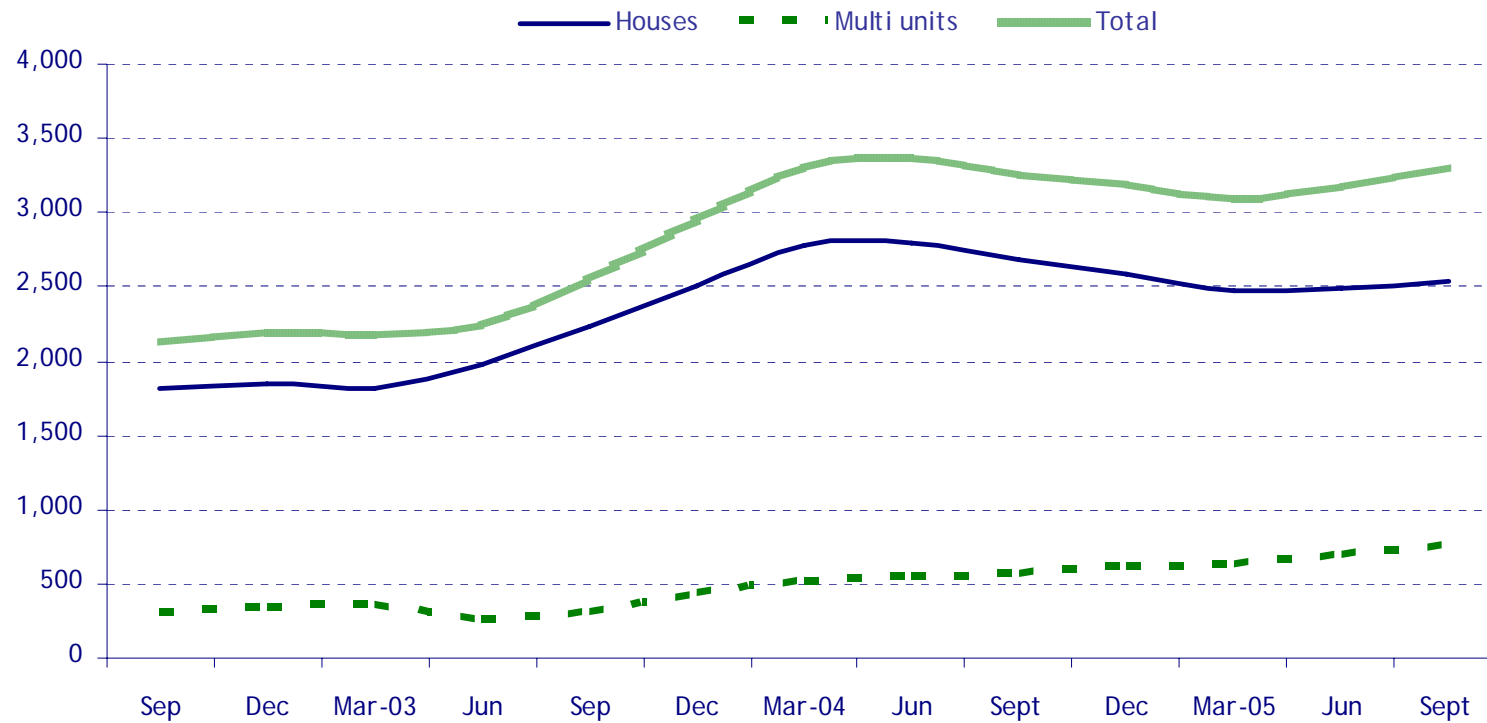
Dwellings Approved - Bundaberg





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Bundaberg





Darling Downs

2004 Population: 218,484

Growth Rate: 1.2%

Extra Persons per Annum: 2,627

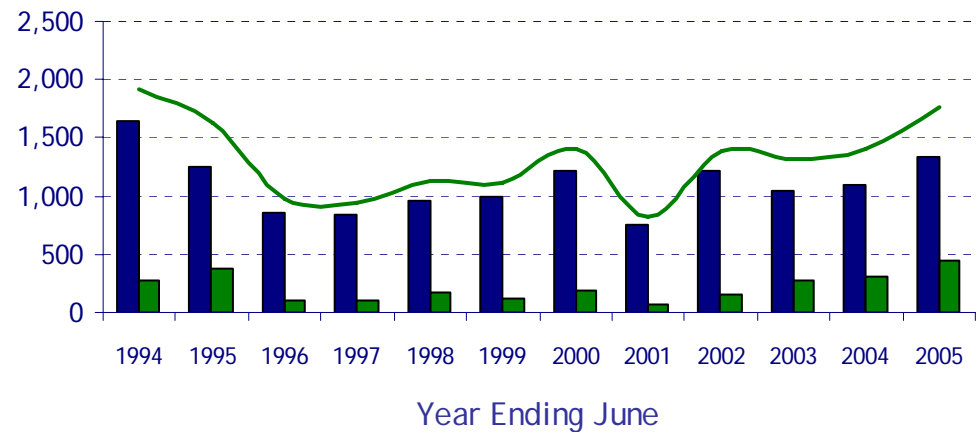
Population Density: 2.4 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	65,642 (78%)
Flats and Townhouses:	7,184 (9%)
Units over 4 Storeys:	60 (1%)
Other:	10,509 (12%)
Total:	83,395

Dwellings Approved - Toowoomba

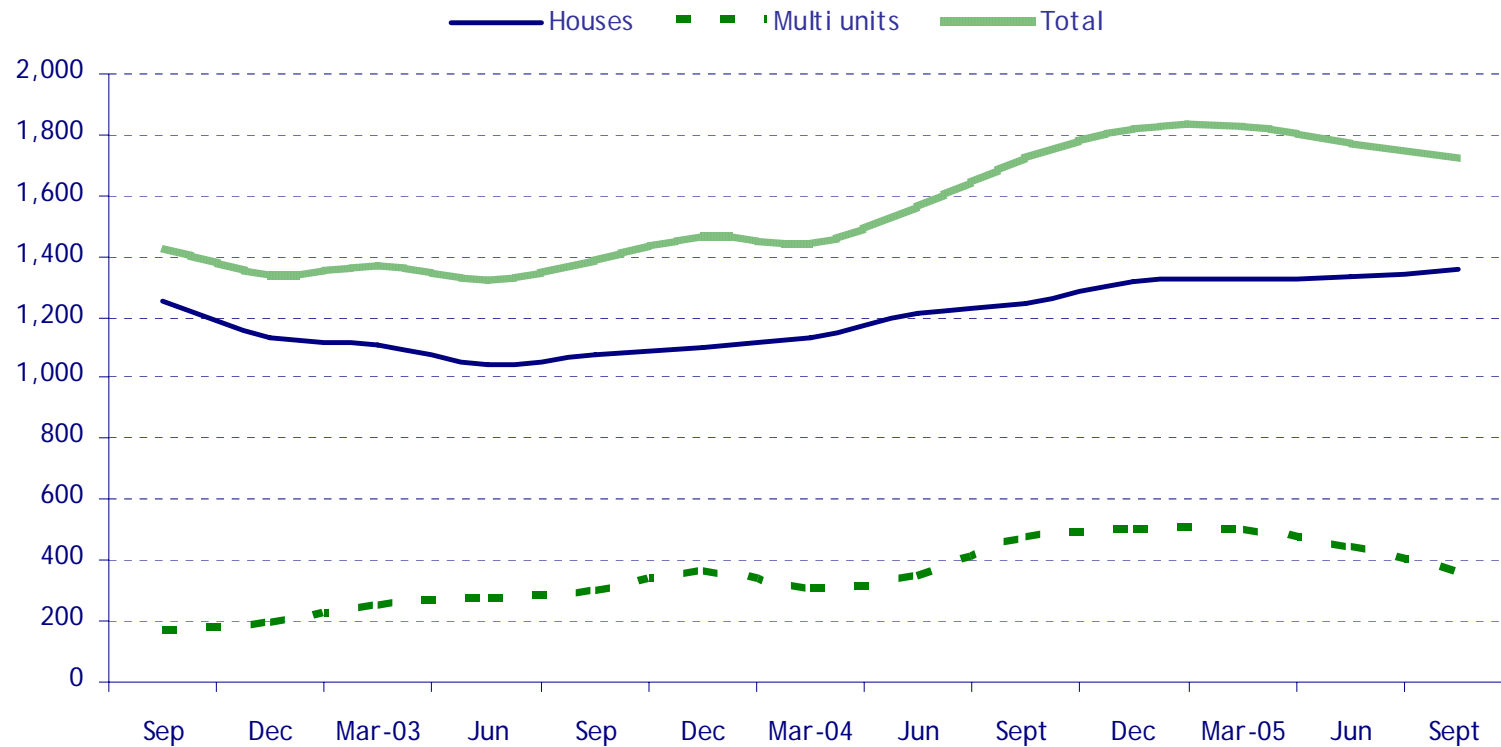
■ Houses ■ Multi units — Total





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Toowoomba





Fitzroy

2004 Population: 187,916

Growth Rate: 1.4%

Extra Persons per Annum: 2,562

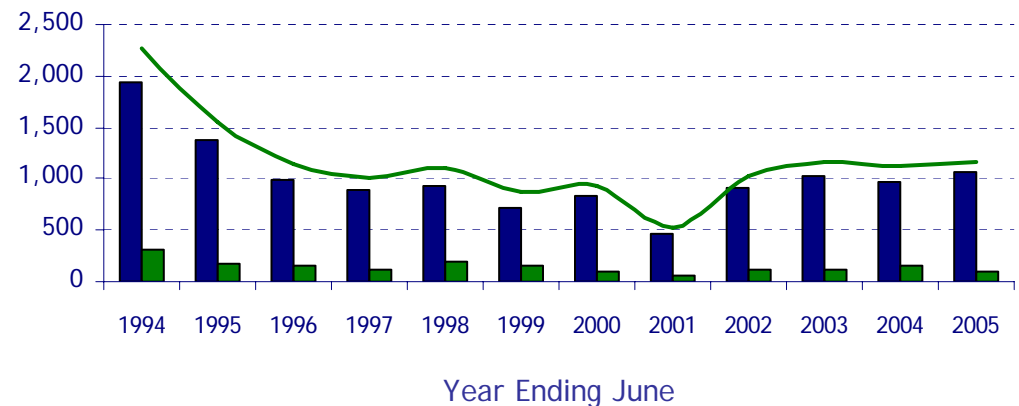
Population Density: 1.5 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	55,339 (74%)
Flats and Townhouses:	6,223 (8%)
Units over 4 Storeys:	97 (1%)
Other:	12,633 (17%)
Total:	74,292

Dwellings Approved - Rockhampton

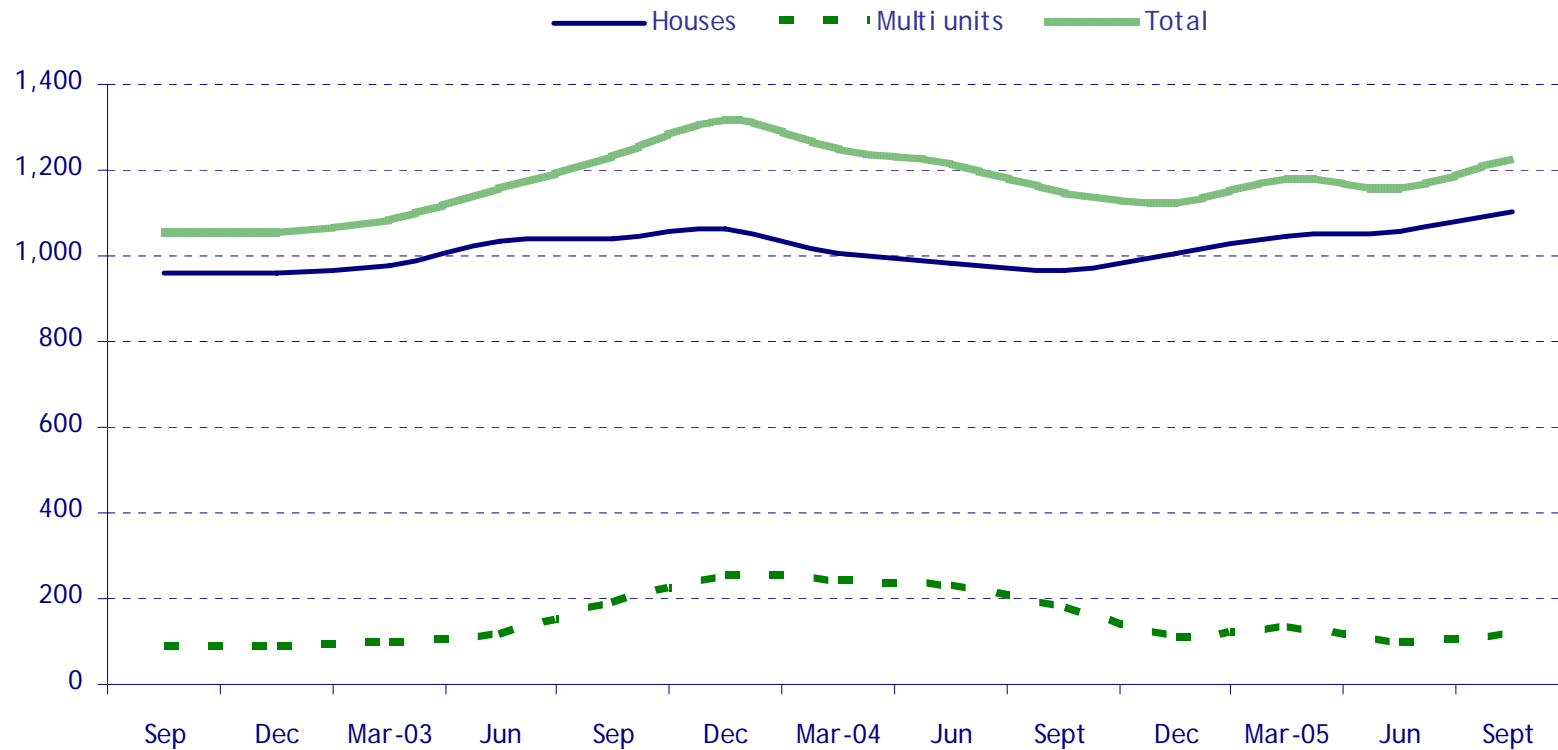
■ Houses ■ Multi units — Total





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Rockhampton





Mackay

2004 Population: 143,699

Growth Rate: 1.4%

Extra Persons per Annum: 1,970

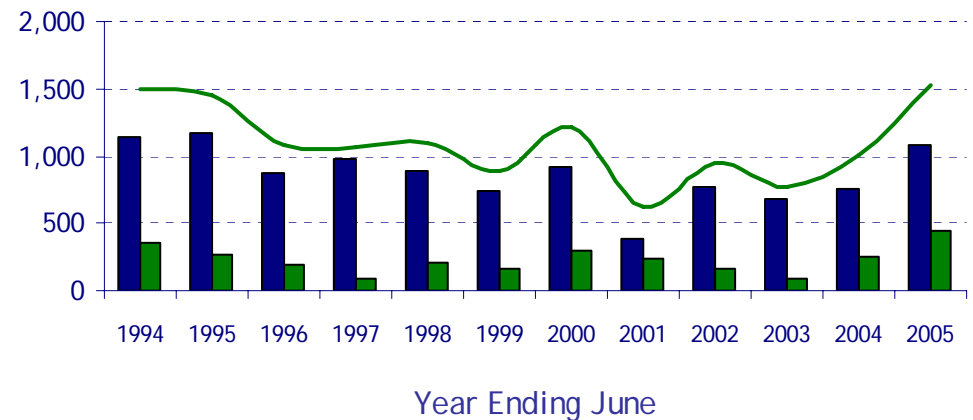
Population Density: 1.6 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	40,434 (69%)
Flats and Townhouses:	6,144 (10%)
Units over 4 Storeys:	186 (1%)
Other:	11,797 (20%)
Total:	58,561

Dwellings Approved - Mackay

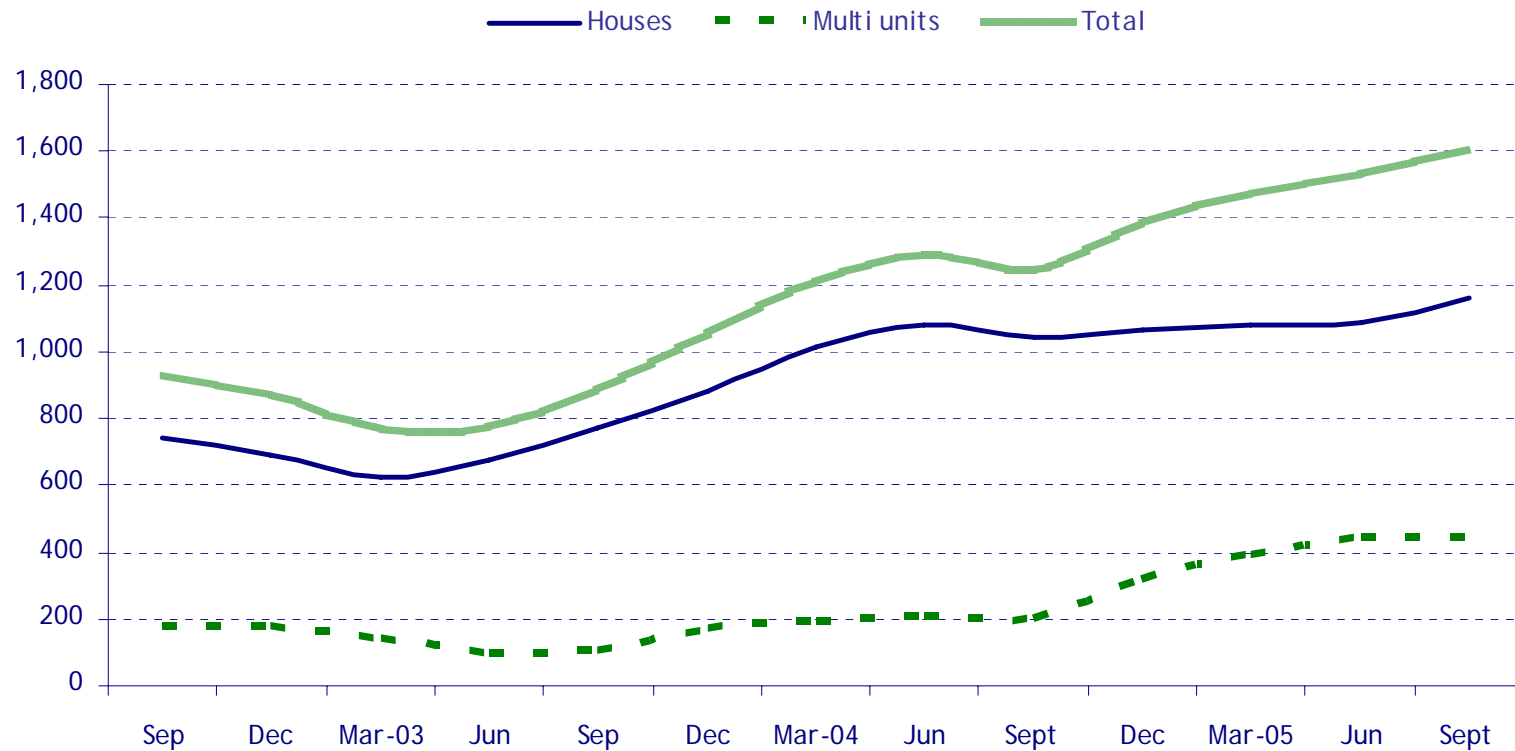
■ Houses ■ Multi units — Total





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Mackay





Northern

2004 Population: 200,909

Growth Rate: 1.7%

Extra Persons per Annum: 3,298

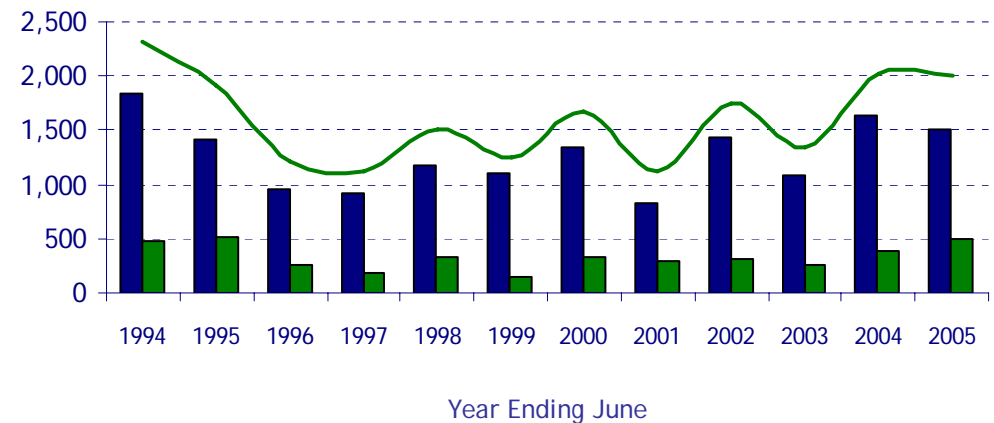
Population Density: 2.5 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	54,185 (72%)
Flats and Townhouses:	10,206 (14%)
Units over 4 Storeys:	494 (1%)
Other:	9,627 (13%)
Total:	58,561

Dwellings Approved - Townsville

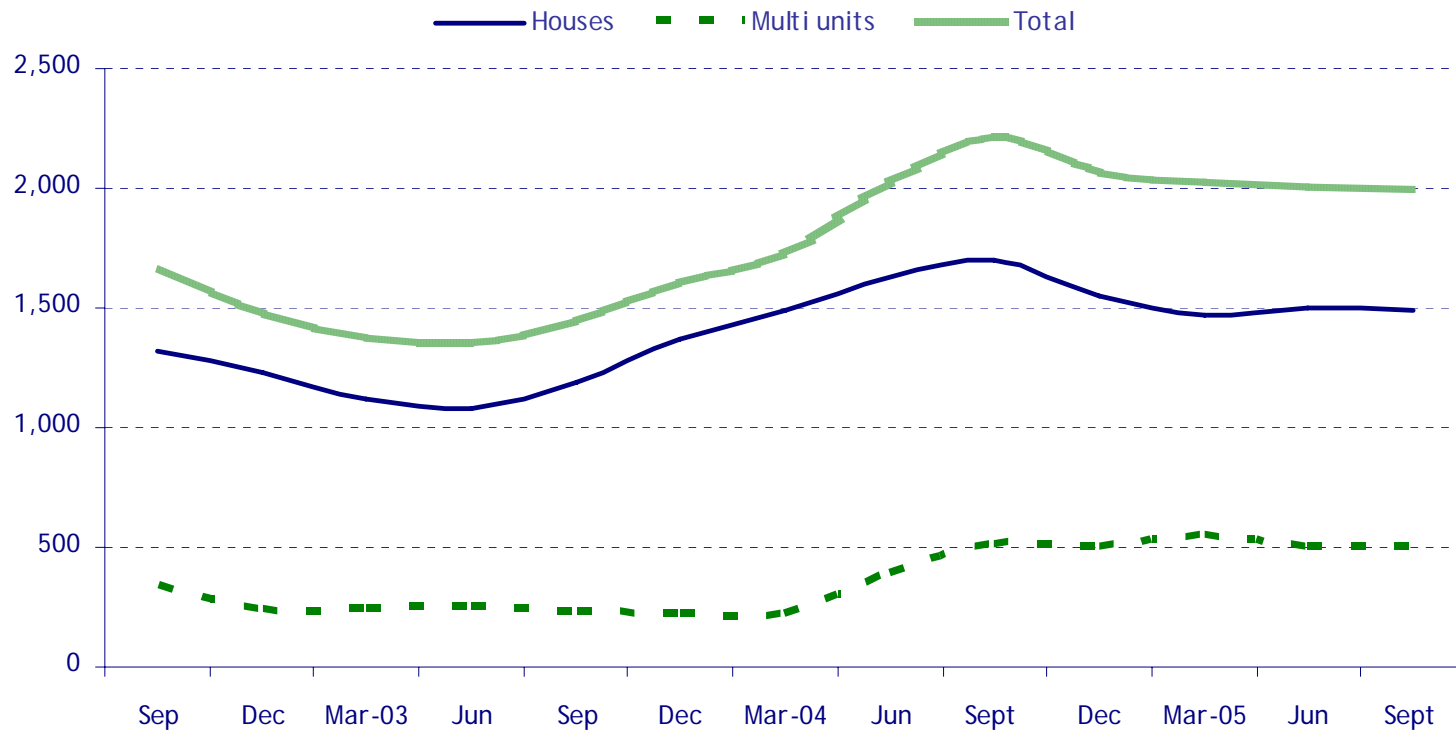
■ Houses ■ Multi units — Total





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Townsville





Far North

2004 Population: 234,849

Growth Rate: 1.4%

Extra Persons per Annum: 3,355

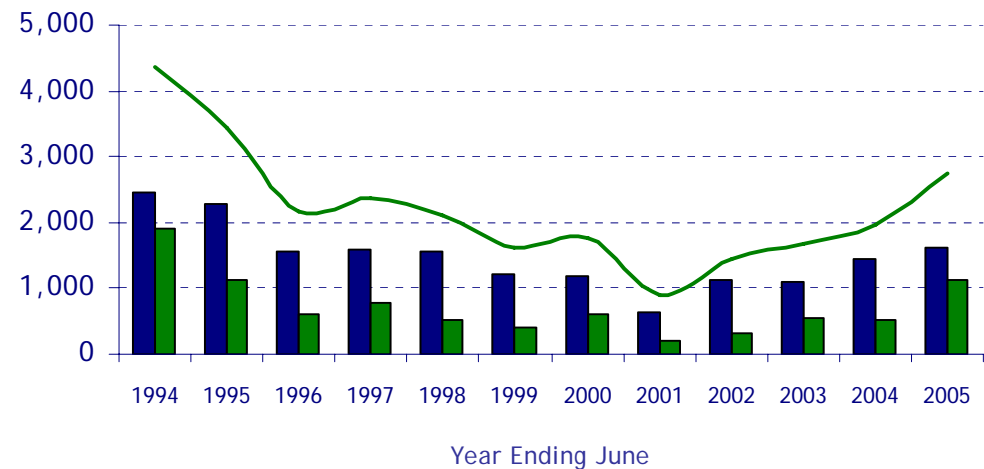
Population Density: 0.9 persons per km²

Housing Stock at the 2001 Census

Separate Houses:	60,024 (63%)
Flats and Townhouses:	17,235 (18%)
Units over 4 Storeys:	850 (1%)
Other:	16,979 (18%)
Total:	95,088

Dwellings Approved - Cairns

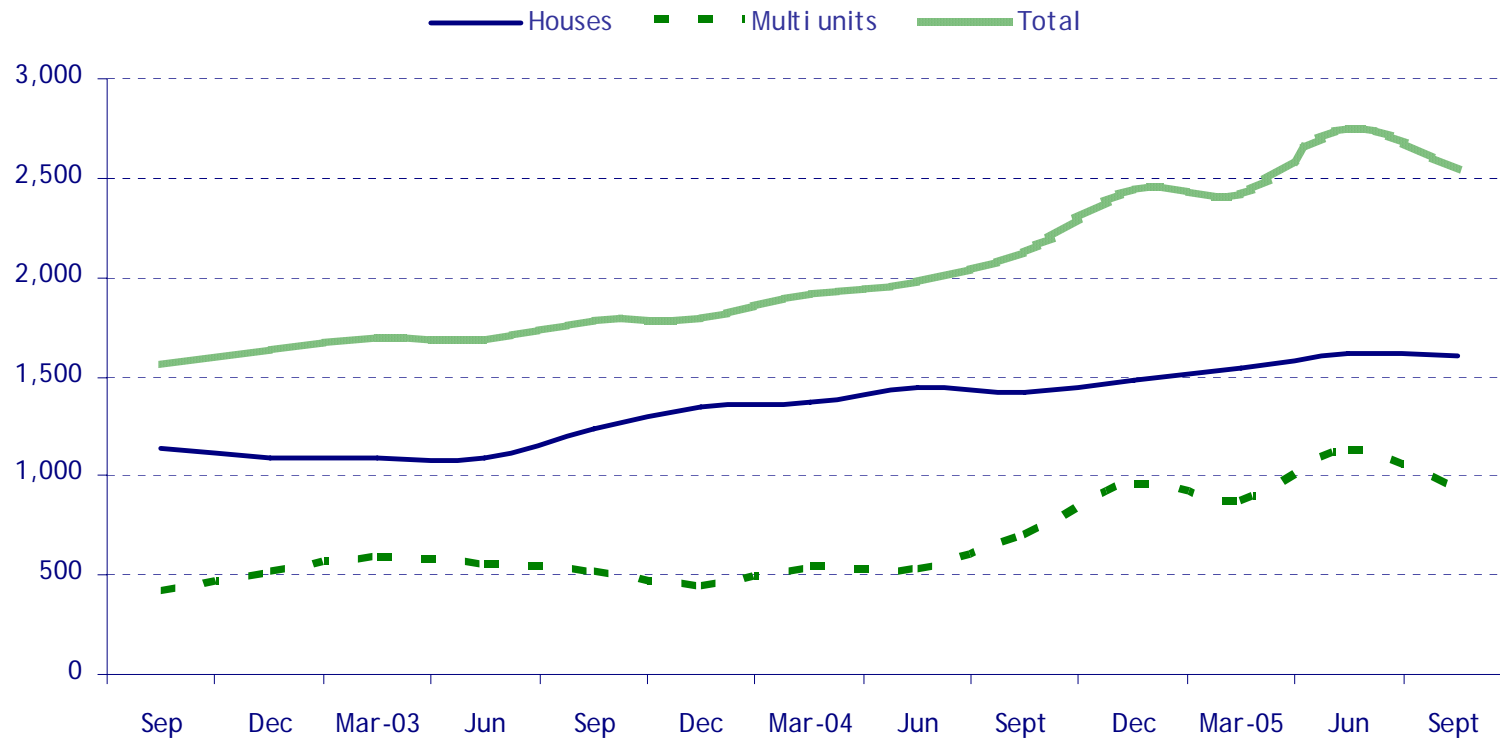
■ Houses ■ Multi units — Total





Current Rate of Dwelling Approvals

Quarterly Moving Annual Totals - Cairns





Building and Population Growth Hotspots

Building and Population Hot spots**

*** LGA's with in excess of \$100 million of residential work done in 2004/05 and with a population growth rate in excess of the national average*

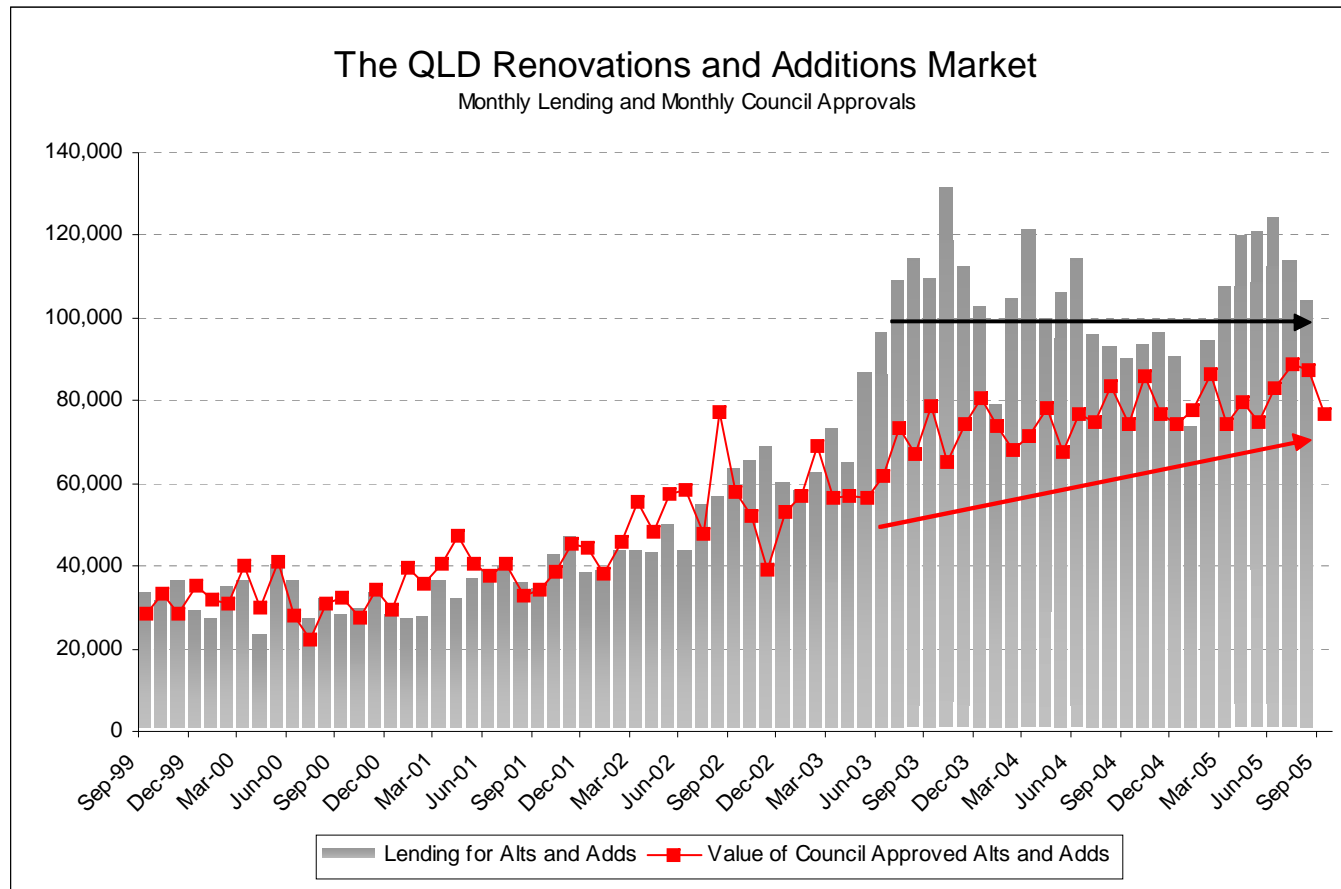
Local Government Area	Residential Work Done, 2004/05 (\$,000)	Population growth rate
1 Hervey Bay City Part A	\$181,562	5.9
2 Caboolture Shire Part A	\$301,844	4.6
3 Ipswich City (Part in BSD)	\$296,550	4.6
4 Pine Rivers Shire	\$320,296	4.0
5 Sunshine Coast	\$679,762	3.4
6 Gold Coast City Part A	\$133,132	3.1
7 Gold Coast City Part B	\$1,552,694	2.9
8 Thuringowa City Part A	\$144,336	2.9
9 Cairns City Part A	\$388,047	2.4
10 Redland Shire	\$230,067	2.3



Renovation Activity



QLD Renovation Activity



- An interesting divergence in the numbers
- Council approved additions still strong and growing (i.e ground floor, second storey extensions)
- Lending for all alts and adds (which includes many not needing council approval) has flattened
- Consistent with a slowing in discretionary spending
- Also consistent with a slowing in retail sales.

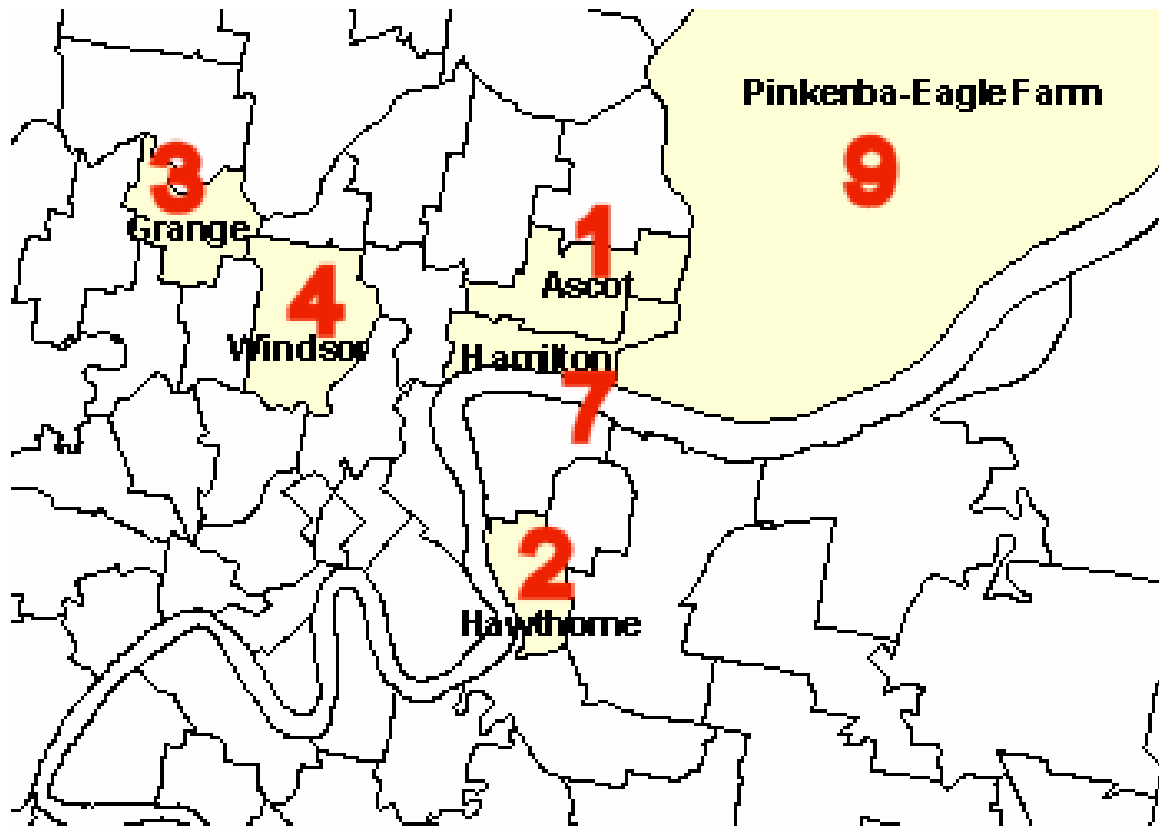


The State's most active renovators

	2004/05 Value of Alts and Adds (\$000)	Population as at June 04 Number	\$ Spend Per Person
Brisbane City	378,901	957,010	\$396
Beaudesert Shire Part A	10,079	30,974	\$325
Sunshine Coast	63,677	207,229	\$307
Moreton SD Bal	47,884	171,715	\$279
Townsville City Part A	24,184	94,263	\$257
Redland Shire	29,542	127,777	\$231
Cairns City Part A	27,568	120,296	\$229
Hervey Bay City Part A	10,257	45,506	\$225
Pine Rivers Shire	29,711	139,228	\$213
Caboolture Shire Part A	24,219	120,820	\$200

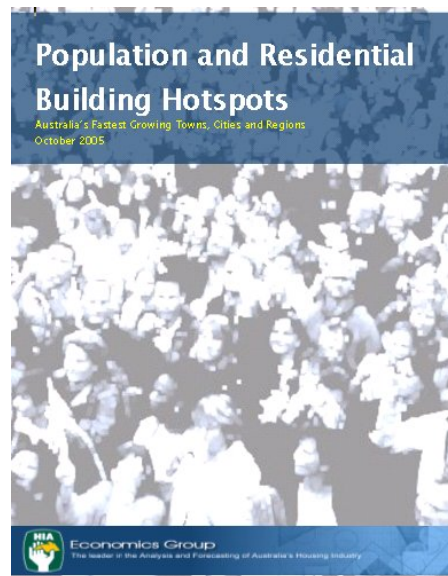


Brisbane's most active renovators



• Renovation spend per head of population:

1. Ascot - \$1,973
2. Hawthorne - \$1,658
3. Grange - \$1,491

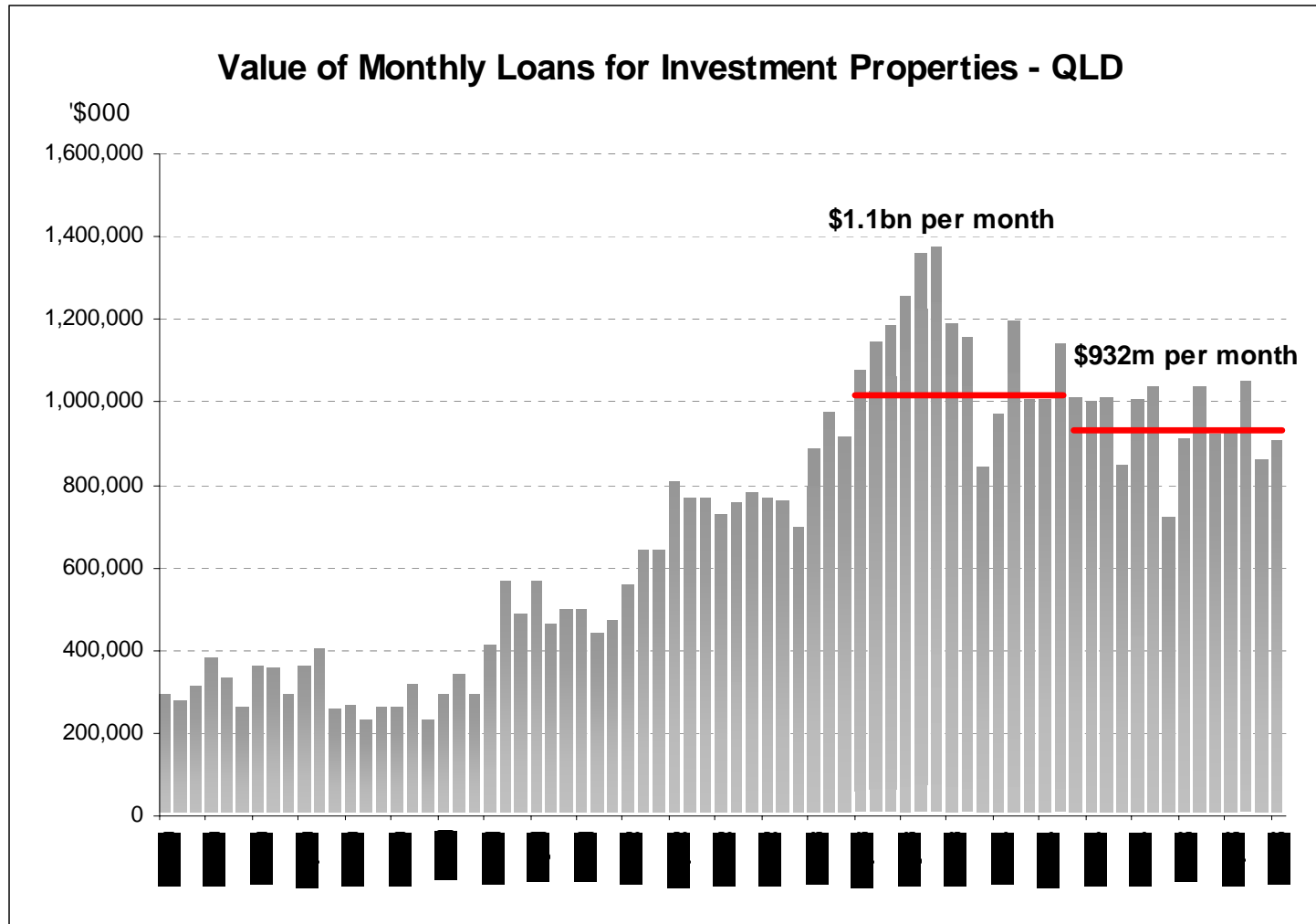




Other Relevant Issues



Investor lending continues to cool





But rental markets are still tight

Vacancy rates (%)

	Mar.04	Jun.04	Sep.04	Dec.04	Mar.05	Jun.05
Sydney	3.2	3.6	2.8	2.4	2.2	2.5
Melbourne	3.5	3.6	3.7	3.8	2.4	2.6
Brisbane	2.9	2.3	2.7	2.7	1.4	N/A
Adelaide	1.4	1.9	1.9	2.3	1.8	1.8
Perth	3.0	3.3	2.8	2.7	2.6	2.5
Hobart	1.6	2.2	2.2	2.0	2.3	2.2
Darwin	6.9	5.5	3.8	4.1	2.0	1.9
Canberra	3.6	4.3	4.6	5.2	1.7	2.5

Source: REIA



So rents are climbing faster than CPI:

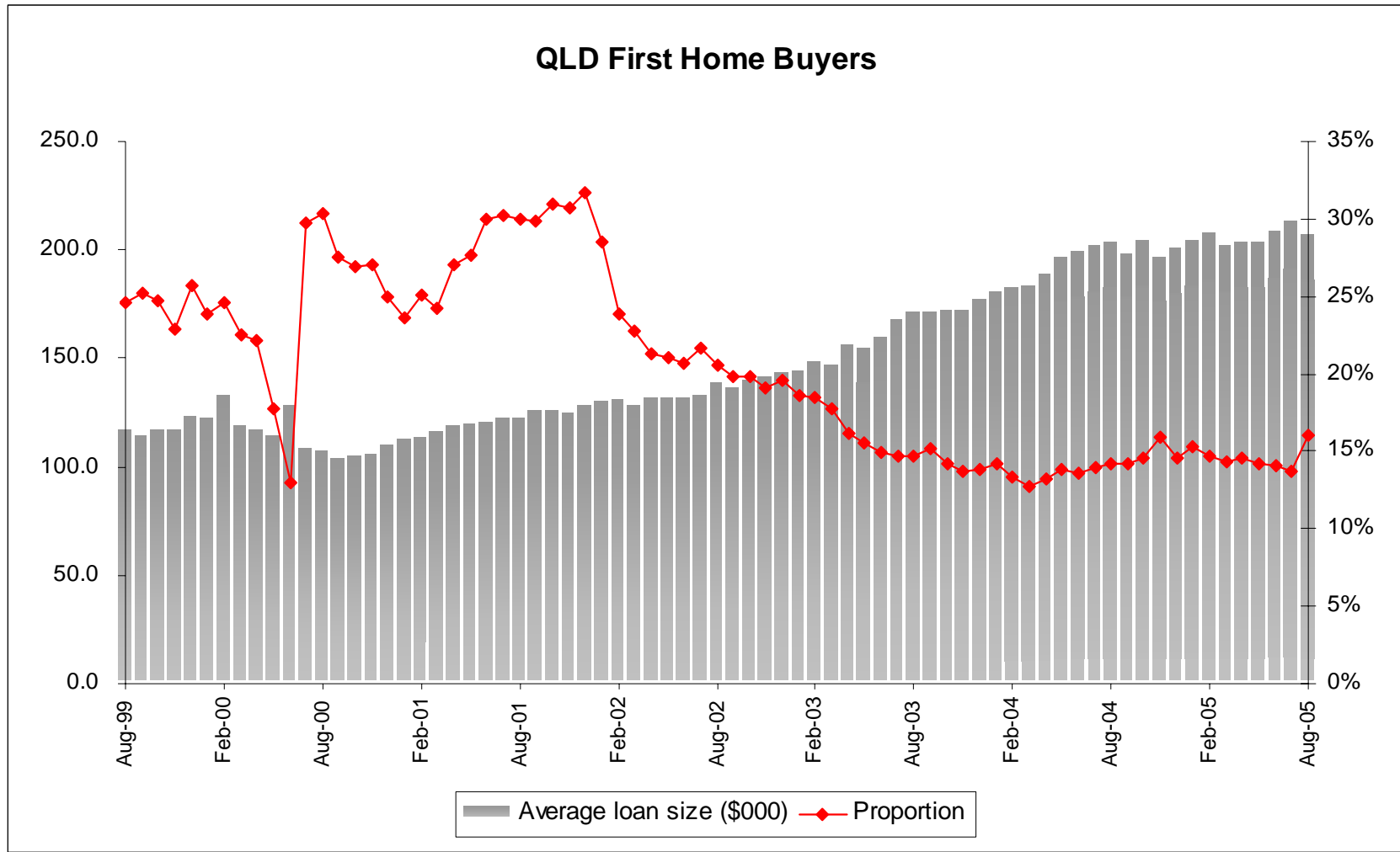
Median weekly rents - % annual growth

	Mar.04	Jun.04	Sep.04	Dec.04	Mar.05	Jun.05
Sydney	2.0	0.0	0.0	0.0	4.0	4.0
Melbourne	2.2	0.0	0.0	2.3	4.3	4.5
Brisbane	8.9	0.0	0.0	0.0	-2.0	6.7
Adelaide	5.3	5.3	5.1	7.7	10.0	10.0
Perth	4.5	5.1	6.7	6.1	8.1	9.7
Hobart	13.5	13.5	16.2	17.9	9.5	4.8
Darwin	4.2	0.8	10.2	3.8	8.0	14.0
Canberra	11.1	3.6	3.6	3.4	0.0	3.4

Source: REIA



First Home Buyers are still below the long term average





...and house prices are only just now turning

House Prices

	Median house price			Change	
	Jun 2004 qtr	Mar 2005 qtr	Jun 2005 qtr	% qtr	% annual
Sydney	\$552,000	\$533,000	\$526,000	-1.3%	-4.7%
Melbourne	\$334,000	\$340,000	\$339,500	-0.3%	1.5%
Brisbane	\$321,000	\$326,000	\$325,000	-0.3%	1.2%
Adelaide	\$288,000	\$300,000	\$301,000	0.4%	4.5%
Perth	\$287,000	\$314,000	\$323,000	2.8%	12.5%
Canberra	\$406,000	\$402,000	\$402,000	0.0%	-1.1%
Darwin	\$278,000	\$312,000	\$326,000	4.5%	17.1%

Source: Australian Property Monitors

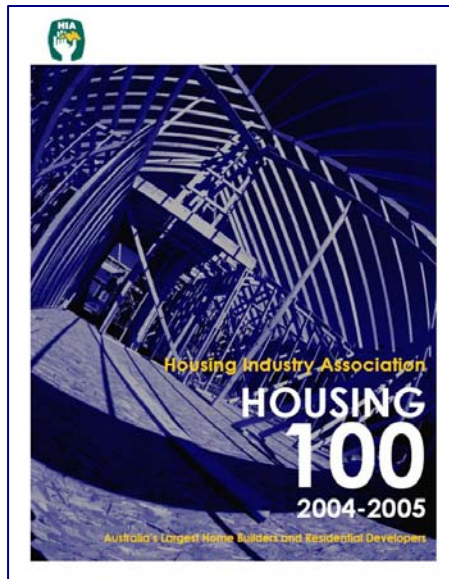


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HIA Housing 100



Big Builders



Housing 100 at a glance

Starts

2004/2005	60,040
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2003/2004	69,100
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Market Share

2004/2005	38 per cent
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2003/2004	40 per cent
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Revenue*

2004/2005	\$15,553 m
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2003/2004	\$16,423 m
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Main Housing Activity

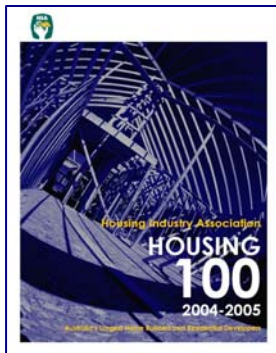
Detached Houses	77 per cent
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Multi-units	23 per cent
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**Estimated revenue earned from sales of housing only. Excludes land.*



Big Builders



Major Activities of the HOUSING 100

Activity	Number undertaking	
	2004/05	2003/04
Land development	39	41
Detached house construction	84	85
Multi-units, under four storeys	58	51
Multi-units, four or more storeys	28	29
Residential alterations and additions	14	9
Building materials manufacture/supply	27	25
Commercial building	4	5
Engineering construction	4	5
Property management	12	15



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HIA Housing 100 - 2004/05

Australia's Largest Builders in 2004/05				
Rank		Company	No.	State
2004/05	2003/04			
1	1	BGC (Australia)	4,535	WA
2	2	Alcock/Brown-Neaves Group	3,402	WA
3	3	CPG Australia	1,863	NSW
4	5	Henley Properties	1,827	VIC
5	4	Mirvac Group	1,768	NSW
6	8	Metricon Homes	1,630	VIC
7	13	Devine	1,483	QLD
8	21	JWH Group	1,455	WA
9	16	Glenwood Homes	1,439	QLD
10	9	Simonds Group	1,348	VIC
11	11	Hotondo	1,301	VIC
12	10	Coral Homes	1,132	QLD
13	18	Tamawood	1,063	QLD
14	22	Australand Holdings	964	NSW
15	20	Content Living	942	WA
16	28	Porter Davis Homes	916	VIC
17	27	Summit Homes Group	900	WA
18	31	Weeks Group of Companies	897	SA
19	19	L.U. Simon Builders	840	VIC
20	23	Scott Park Homes	820	WA

* A list of the largest 100 builders and State based tables are in the full report



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QUEENSLAND - 2004/05 STARTS = 38,300						
Rank		Company	Starts		Market Share (%)	
2004/05	2003/04		2004/05	2003/04	2004/05	2003/04
1	1	Glenwood Homes	1,439	1,217	3.8	2.8
2	2	Tamawood	1,057	1,088	2.8	2.5
3	3	Coral Homes	840	1,028	2.2	2.4
4	19	Devine	736	248	1.9	0.6
5	-	Matrix Group	501	58	1.3	0.1
6	-	Rapcivic Contractors Pty Ltd	500	54	1.3	0.1
7	4	FKP Construction	498	751	1.3	1.7
8	8	Hallmark Homes	436	503	1.1	1.2
9	9	GJ Gardner Homes*	423	405	1.1	0.9
10	5	Philip Usher Constructions	414	537	1.1	1.2
11	14	Barclay Mowlem Construction	403	317	1.1	0.7
12	6	Henley Properties	390	525	1.0	1.2
13	13	Villa World	354	348	0.9	0.8
14	7	CPG Australia	323	514	0.8	1.2
15	10	Multiplex Limited	295	401	0.8	0.9
16	15	Orbit Homes Australia	264	312	0.7	0.7
17	18	Parkside Constructions	262	253	0.7	0.6
18	16	Reed Property Group	255	306	0.7	0.7
19	17	Ausbuild	216	304	0.6	0.7
20	-	KMBurton	203	0	0.5	0.0
Total			9,809	9,169	25.6	21.0
Largest 20 market share comparison					25.6	29.1
* All dwellings built under franchise						

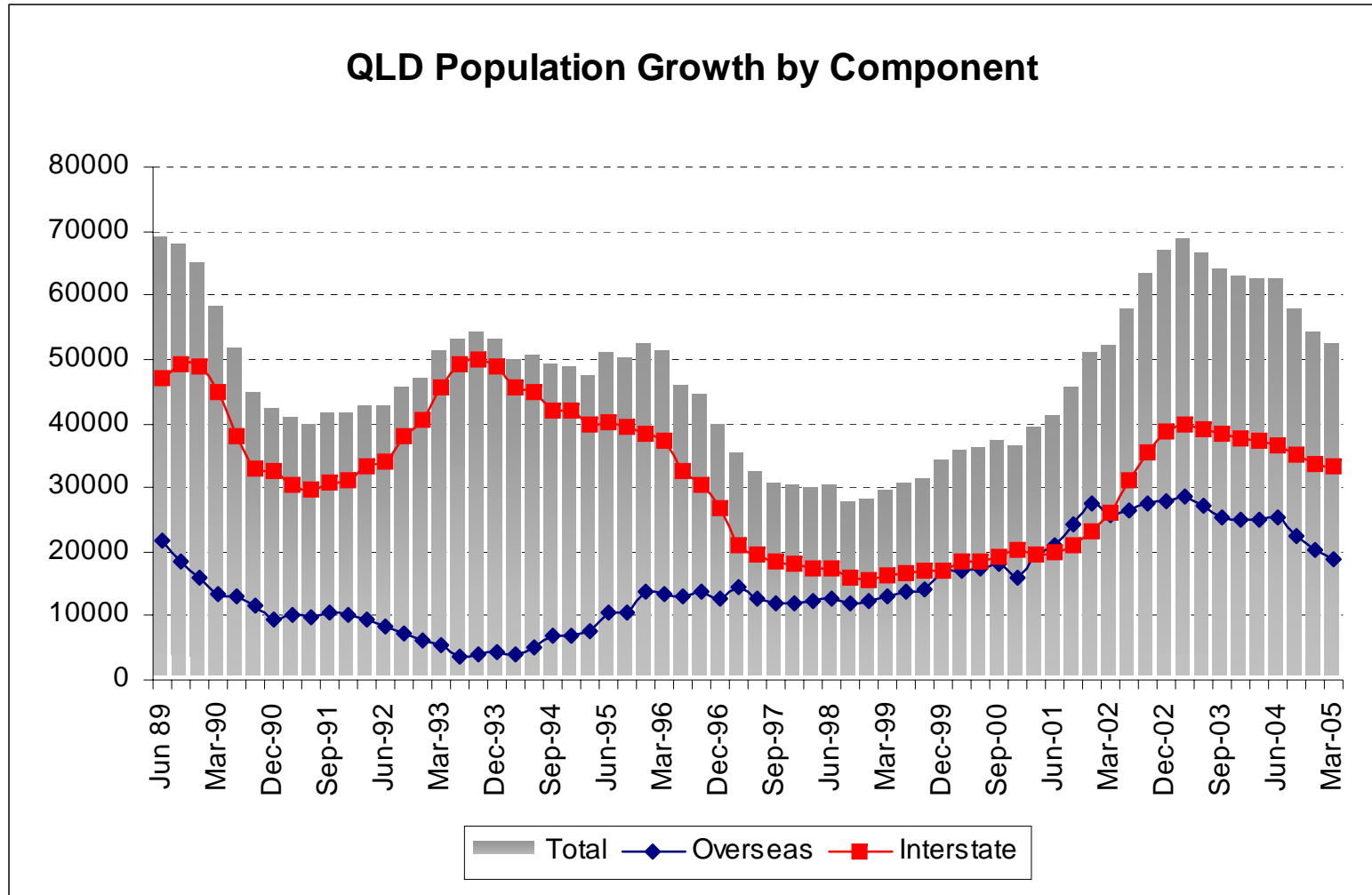


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The Future



QLD Population Growth





HIA Forecasts

Housing Starts Forecasts

Starts	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
2000/01 (a)	33.24	34.55	22.65	6.54	13.86	1.105	1.027	1.642	114.62
2001/02 (a)	47.04	47.38	35.59	9.94	19.14	1.916	1.028	2.373	164.41
2002/03 (a)	47.85	45.82	39.29	10.25	20.33	2.071	0.986	3.136	169.73
2003/04 (a)	44.14	45.29	43.60	9.98	22.48	2.824	1.045	2.893	172.25
2004/05 (a)	36.98	40.64	38.30	10.47	23.18	2.805	1.340	2.443	156.16
2005/06	34.80	39.47	37.24	9.87	23.23	2.606	1.123	2.345	150.67
2006/07	36.88	41.44	39.84	9.77	22.06	2.643	1.145	2.485	156.28
2007/08	39.10	43.51	42.23	10.07	22.51	2.828	1.191	2.609	164.04
% change:									
2001/02	41	37	57	52	38	73	0	45	43
2002/03	2	-3	10	3	6	8	-4	32	3
2003/04	-8	-1	11	-3	11	36	6	-8	1
2004/05	-16	-10	-12	5	3	-1	28	-16	-9
2005/06	-6	-3	-3	-6	0	-7	-16	-4	-4
2006/07	6	5	7	-1	-5	1	2	6	4
2007/08	6	5	6	3	2	7	4	5	5



The Outlook for Renovations

HOUSING RENOVATIONS FORECAST: by state and territory

Value of work done, \$ million, constant 2001/02 prices

	NSW	Vic	Qld	SA	WA	Tas	NT	ACT	Aust
2000/01 (a)	4,700	4,377	3,309	1,009	1,730	242	161	185	15,714
2001/02 (a)	5,478	5,150	4,374	1,071	1,875	395	99	234	18,676
2002/03 (a)	6,539	5,100	5,577	1,259	1,971	360	129	245	21,180
2003/04 (a)	7,199	5,795	5,988	1,583	1,863	500	128	275	23,331
2004/05	7,005	5,635	6,456	1,592	1,998	493	183	243	23,605
2005/06	6,375	5,400	6,195	1,512	2,038	463	159	228	22,371
2006/07	6,311	5,346	5,886	1,497	1,997	463	148	231	21,879
2007/08	6,563	5,453	6,003	1,543	1,917	473	154	233	22,338
% change									
2001/02	17	18	32	6	8	63	-39	26	19
2002/03	19	-1	28	18	5	-9	30	5	13
2003/04	10	14	7	26	-5	39	-1	12	10
2004/05	-3	-3	8	1	7	-1	43	-12	1
2005/06	-9	-4	-4	-5	2	-6	-13	-6	-5
2006/07	-1	-1	-5	-1	-2	0	-7	1	-2
2007/08	4	2	2	3	-4	2	4	1	2

(a) = actual



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Thank You

**Simon Tennent
HIA Chief Economist**

November 2005

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