



MEDIA RELEASE

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Bulky goods retailers frustrated by Sydney housing market

Members of the Bulky Goods Retailers Association expressed ongoing concern about the state of the Sydney bulky goods retail market at their quarterly forum in Sydney last week. The retailers agreed that Sydney is the worst performing market in the country, citing new land release and housing affordability as key issues affecting retail trade.

“The housing industry is inextricably linked to bulky goods retailing,” said BGRA Executive Director Philippa Kelly. “The cost of entering the housing market, particularly in Sydney, is so high there is very little money left over for home furnishing, improvements and other items.”

In a show of hands by the members, approximately seventy per cent agreed that over a twelve month period retail performance nationally had improved. However, BGRA President Ian Robinson cautioned that while sales growth was positive, it was largely the result of increased sales in all states, counter balanced by difficult trading in NSW.

“The fact is the Sydney market is not trading well and there is no substantial evidence to suggest that it will improve in the near future,” said Mr Robinson.

“The only light at the end of the tunnel is that the Sydney housing market has been under catered for for three years. Demand continues to grow while affordability of ownership remains at an historical low,” he added.

Data presented by the Housing Industry Association’s Executive Director of Housing and Economics Simon Tennent supported the retailers’ concerns. HIA forecasts show no significant improvements to housing affordability or land prices in Sydney until 2008.

Mr Tennent warned that while the latest round of tax cuts negated the rise in interest rates and oil prices in overall dollar terms, some are benefiting while others are not. He said that a further rise in interest rates would seriously affect people with mortgages, particularly those on lower incomes who are incurring higher mortgage repayments and fuel costs without significantly reduced income tax rates.

“There’s no doubt a third interest rate rise this year will be felt by many Australians. This is a major concern for Sydney where large mortgages have left little for discretionary spending,” said Mr Robinson.



On a positive note, a presentation by NSW Department of Planning Director General Sam Haddad showed that NSW government policy had progressed significantly over the past twelve months.

“The state government now recognises bulky goods retailing as a distinct retail format and has gazetted a definition of bulky goods that our members support,” said Ms Kelly. “We’ve come a long way but there is still a lot of work for us to do in NSW, particularly in defining suitable bulky goods retail zones.”

BGRA members welcomed Mr Haddad’s invitation to continue discussions on bulky goods planning issues in NSW as the government continues to develop its retail planning policy.

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