

## **Renovations are holding their ground**

New home building fell significantly in 2008 and this weakness is likely to extend into this year. The renovations sector on the other hand has not fared so poorly.

Aggregate spending on renovations came off the boil a little, although that was from a record high reached in mid 2008, and the number of larger job projects declined. However, with interest rates falling rapidly late last year the amount of lending taking place for renovations was the same at the end of 2008 as it was a year earlier. That's a pretty good result given all the negative news swirling around.

Uncertain economic times and concerns over job security will make 2009 a challenging year for the renovations market. However, lower interest rates and increased government spending will provide a hefty cushion and the outlook would be far grimmer without these policies.

