

## SMALL RISE FOR DWELLING APPROVALS

A healthier month for multi-units prevented an overall drop in building approvals in December as detached house approvals ended the year on a soft note.

Figures released today showed that the number of house approvals fell by 6.1 per cent in December last year. Higher density approvals jumped by 23.3 per cent, leading to an overall increase of 2.7 per cent.

Australia's peak building industry body, HIA said that despite the end of year weakness in detached house approvals the housing sector remained on track for a moderate pull-back to activity levels over the next eighteen months to two years.

HIA's Senior Economist, Mr Harley Dale said that a moderate decline in building approvals for the December quarter overall was in line with expectations for a manageable correction to new housing activity.

"Clearly the urgency of potential home buyers has abated. Not to an extent, however, to generate a substantial drag on the industry. The current more relaxed attitude on the part of potential buyers is expected to translate into a market contraction of around 13 per cent over this year and next," Mr Dale said.

"The underlying fundamentals that drive the demand for housing are very sound and a healthy underlying requirement should subsequently come back into its own," Mr Dale added.

"However, people have to be able to afford to enter the housing market. A short term cyclical correction to housing activity is not going to solve what remains a conspicuous problem, which is the barriers to entry related to raw land costs, and fees, taxes, and charges on new development," Mr Dale said.

On a state by state basis, seasonally adjusted approvals rose in New South Wales, up 0.8 per cent, South Australia, up 3.4 per cent, Queensland, up 6.1 per cent, and Western Australia, up 8.8 per cent. Approvals held steady in Tasmania while they were down by 10.7 per cent in Victoria. In original terms, approvals increased by 28.1 per cent in the Northern Territory and by 98.5 per cent in the Australian Capital Territory.

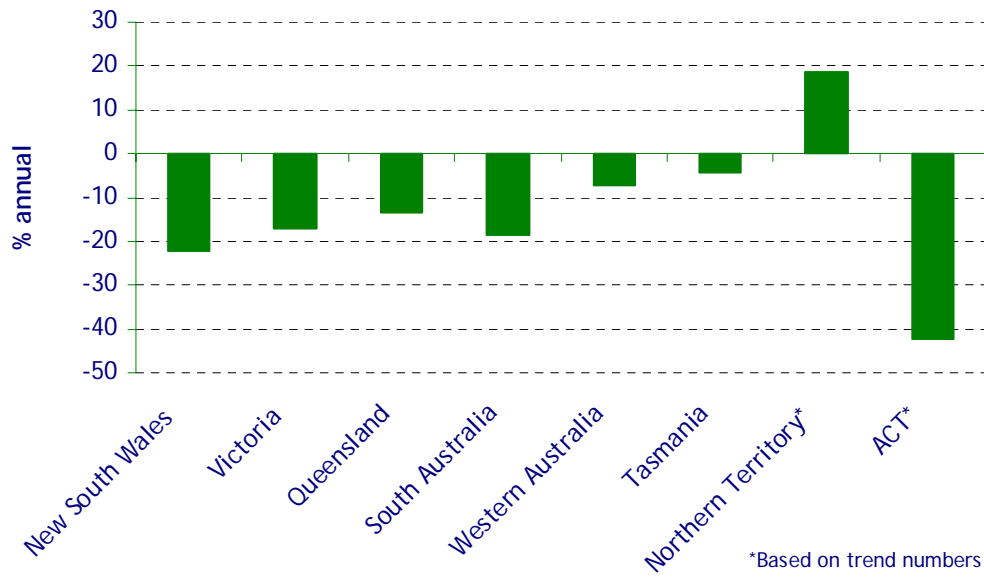
### Further information:

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## Building Approvals for the December 2004 Quarter

*Seasonally adjusted annual % change*



\*Based on trend numbers