

Building Approvals Moving in Right Direction

The Housing Industry Association, Australia's largest building industry organisation, said that building approvals grew by 2.2 per cent in December 2009. The December quarter was a remarkable 34.9 per cent stronger than a year earlier in a positive sign that the new home building recovery is well underway.

HIA Senior Economist, Mr Ben Phillips said that growth in building approvals was led by continued strength in private sector detached housing which grew by a seasonally adjusted 3.1 per cent. Private sector 'Other dwelling' approvals continued to claw back ground following a disastrous 2008/09, growing by 9.1 per cent.

"The recovery in building approvals now appears broad-based with all states and territories recording solid gains over the last quarter of 2009. The strong growth over the last quarter in New South Wales and Queensland, the two recent laggards, is most pleasing," said Ben Phillips.

"The strong result in approvals is no doubt driven by the combined impacts of the federal government's social housing stimulus, low interest rates through 2009, and the last wave of the first home buyer boost approvals filtering through," said Ben Phillips.

The strength of the final quarter masks the reality that 2009 was a very weak year for the housing industry. Over the entire year, only 144,992 dwellings were approved, down 2.1 per cent over 2008 and well below the 190,000 dwellings required to satisfy Australia's growing population.

Victoria outperformed the rest of the states with strong growth of 17.5 per cent over 2009. Both the territories also performed well. Queensland had a disastrous year, sliding 22.7 per cent to just 28,515 dwelling approvals.

"The sustainability of a broad-based housing recovery will be challenged through 2010 as the positive impact of federal stimulus and very low interest rates wanes. The removal of the first home buyers boost and the potential for higher interest rates could prevent further sustained growth in approvals through the year," said Ben Phillips.

"The fundamentals of strong population and employment growth can be expected to push high housing demand. Without an adequate supply response, price pressures and further erosion of housing affordability will be inevitable," said Ben Phillips.

"The strong headline result for December approvals is a positive for the industry and supports HIA's long held forecast for healthy growth in housing starts in 2010.

Building approvals increased in all states and territories with the exception of New South Wales in December 2009.

The number of seasonally adjusted residential dwelling approvals increased in December by 11.1 per cent in Victoria, 4 per cent in Queensland, 0.1 per cent in South Australia, 1.3 per cent in Western Australia, and 22 per cent in Tasmania. Approvals fell by 12.7 per cent in New South Wales. The trend number of approvals increased by 10.9 per cent in the Northern Territory and by 4.9 per cent in the Australian Capital Territory.

For further information please contact:

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Building Approvals, States, ABS, Seas Adj

State	2009	2008	% Change
NSW	26,683	28,317	-5.8%
VIC	48,452	41,238	17.5%
QLD	28,515	36,873	-22.7%
SA	11,675	13,029	-10.4%
WA	21,477	21,947	-2.1%
TAS	3,281	3,104	5.7%
NT	1,306	900	45.1%
ACT	3,339	2,444	36.6%
Australia	144,992	148,052	-2.1%

Building Approvals - Australia

Source: ABS 8731

