

## Approvals fall further in Dec 08

Building approvals continued to fall in December 2008, reinforcing the importance of yesterday's announcements regarding a Housing Recovery Plan and a further interest rate cut.

HIA Chief Economist, Dr Harley Dale, said that building approvals fell in all but two months of 2008.

Total building approvals fell by 2.9 per cent in December following a revised 10.2 per cent drop in November. The bulk of the end-year weakness came from New South Wales. Over the December 2008 quarter approvals were down by 16.1 per cent, 30 per cent off their December 2007 quarter level.

"Early signs of a boost from the first home buyer market were dwarfed in late 2008 by nervous investors remaining on the sidelines and difficulties faced in securing finance for new construction projects. All this was occurring amidst low and fragile levels of business and consumer confidence," said Harley Dale.

"Clearly the \$6.4 billion Housing Recovery Plan announced yesterday by the Federal Government will be crucial in boosting residential construction activity and jobs in 2009. This plan together with the sharp drop in interest rates gives cause for optimism that home building activity will stabilise and subsequently recover over the course of 2009," Harley Dale added.

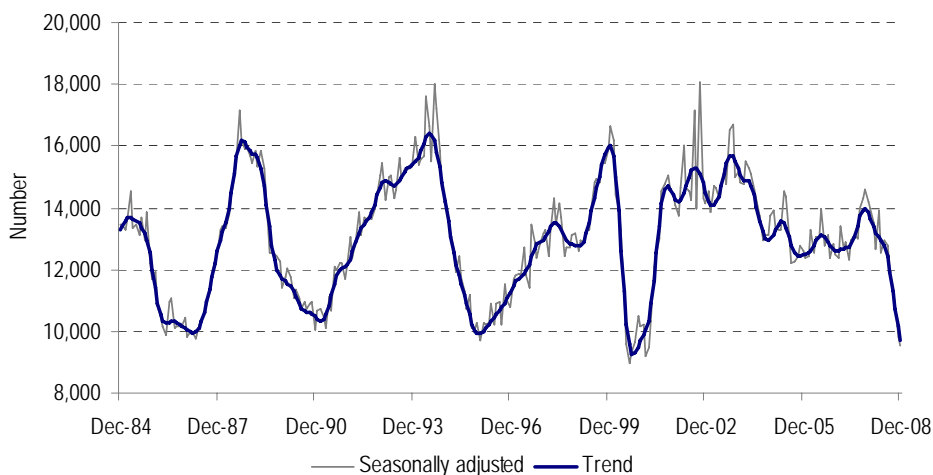
"Approvals are at their lowest level since the post-GST slump. Rapid implementation of the Commonwealth-approved tender process for the spot purchase of private sector new dwellings will be needed to spark residential building and wider economic activity."

Detached house approvals fell by 2.5 per cent in December and were down by 11.2 per cent over the quarter. Multi-unit approvals were even weaker, falling by 3.8 per cent in the month to be off by 26.3 per cent in the December 2008 quarter.

For the month of December residential dwelling approvals increased by 12.3 per cent in Western Australia, 2.7 per cent in Victoria, and 0.6 per cent in Queensland. Approvals fell by 8.3 per cent in South Australia, 9.5 per cent in Tasmania, and 10.4 per cent in New South Wales. In trend terms, approvals were up by 3.7 per cent in the Northern Territory but were down by 17 per cent in the ACT.

### Building Approvals - Australia

Source: ABS 8731



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