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## Building Approvals Heading in Wrong Direction

Building approvals went nowhere in February as the run of weak updates for the new home building sector continued.

Total building approvals were flat in February (up by all of 0.1 per cent) to be at a level 1.6 per cent lower than a year earlier. Multi-unit approvals fell by 1.3 per cent to 3,814, their lowest level since May last year. Approvals for detached houses inched up by 0.8 per cent to a level of 9,332.

Building approvals were down over the three months to February 2008 for multi-units in particular, but also for detached houses.

HIA Chief Economist Harley Dale said that building approvals updates were suggesting the gap between housing supply and demand was set to widen before stabilising.

"Detached house approvals have been trending (moderately) down again for three months now, while for the multi-unit segment there is a downward trend apparent over the last four months," Mr Dale said.

"All leading indicators of new housing, including building approvals, are pointing to flat to weaker residential construction levels in the short term."

"Looking at the three months to February this year, building approvals have weakened in every state and territory in Australia except for Tasmania and the Northern Territory," Mr Dale said.

"That suggests no short term relief for those households trapped in extremely tight rental market conditions across Australia," Mr Dale added.

On a state by state basis the number of seasonally adjusted building approvals in February fell by 8.6 per cent in New South Wales, 3.8 per cent in Victoria, and 0.9 per cent in Western Australia. Building approvals increased by 9.7 per cent in South Australia and were up by 5.7 per cent in Tasmania and 3.6 per cent in Queensland. The trend in building approvals increased by 6.4 per cent in the Australian Capital Territory and by 5.8 per cent in the Northern Territory.

Building Approvals - Australia



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