

Investment in Housing Provides Results

Building approvals rose in February 2009 due to a rise in multi-unit activity and an on-going moderate recovery in detached houses, said the Housing Industry Association, Australia's largest building industry association.

HIA Chief Executive - Association, Mr Chris Lamont said that building approvals figures support government action already taken and the value of targeting incentives at the residential construction sector as a means of supporting economic and employment activity.

"There is a requirement to provide further stimulus to new residential construction and this is clear given evidence that current initiatives are having a positive impact on construction, employment, and the demand for manufactured products," said Mr Lamont.

"The story on detached house approvals is improving. Approvals hit an extremely low level in November 2008 and the very modest recovery since is a sign of lower interest rates and first home buyer stimulus having a positive impact," said Chris Lamont.

Total building approvals increased by 7.8 per cent in February 2009 due to a 31.5 per cent spike in multi-unit approvals. Detached house approvals increased by 0.5 per cent following rises of 0.6 per cent in December last year and 0.8 per cent in January.

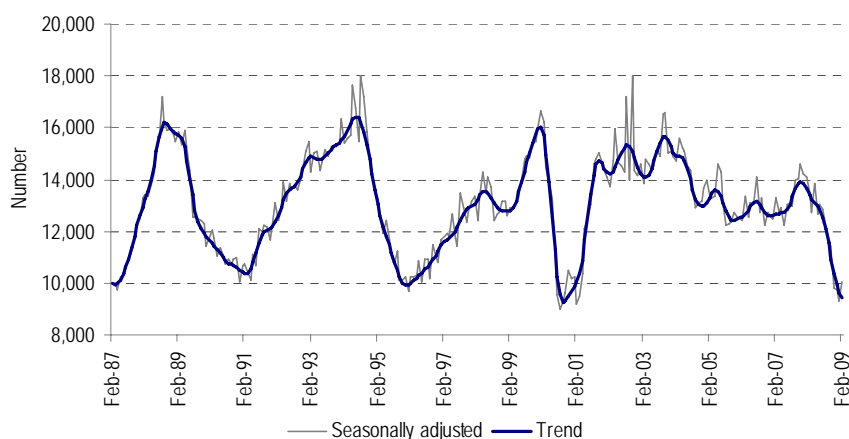
"The trade-up buyer and investor markets for new home building remain very weak and that provides in part an explanation for a rather modest improvement in detached house approvals," Chris Lamont said.

"The jump in multi-units followed six straight months of decline and approvals were still 29 per cent down on their year ago level. A sustained recovery in the high rise residential market is unlikely while ever there is a lack of incentive for investors and while credit conditions are as tight as they are," added Chris Lamont.

The number of seasonally adjusted residential dwelling approvals increased in the month of February in New South Wales (+18.6 per cent), Victoria (+5.3 per cent), South Australia (+3.9 per cent), Western Australia (+19.9 per cent), and Tasmania (+1.6 per cent). Approvals fell by 5.9 per cent in Queensland and were down in trend terms by 5.1 per cent in the Northern Territory and by 1.2 per cent in the Australian Capital Territory.

Building Approvals - Australia

Source: ABS 8731



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