

Unit Approvals Dive

The Housing Industry Association, Australia's largest building industry organisation, said that building approvals fell by 7 per cent in January 2010. The much needed housing recovery hit a snag at the start of the new year with a 29.1 per cent drop off in private sector units and semi-detached "Other dwelling" approvals. This result was heavily influenced by a halving of unit approvals in Victoria.

HIA Senior Economist, Mr Ben Phillips said that detached housing approvals remained a strong point for the housing recovery in 2010 with a steady result across both the private and public sector.

"The result indicates that the units and semi-detached market is still bearing the brunt of tight credit conditions. Interest rate increases over 2010 will only exacerbate this situation.

"The poor start to 2010 should be a reminder that a housing recovery is not a given and that with government support, through the social housing initiative and the first home buyers boost, being phased out or removed in 2010, interest rates will be a key factor in determining the fortunes of the home building industry.

"Adding further pressure to a broad-based housing recovery will be the ever-present supply side issues, such as the high cost of infrastructure charging at a state and local level and an approvals process that is overly constraining and time consuming.

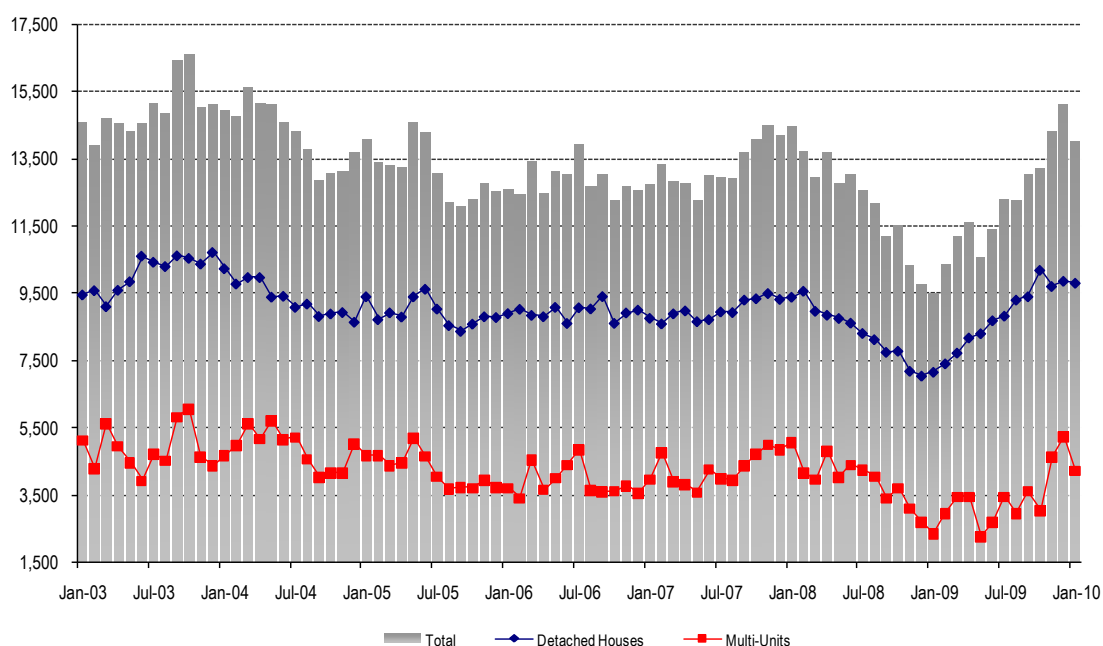
"In spite of the poor start to 2010, building approvals remain 47.6 per cent higher than 12 months ago and auger well for a spirited recovery in housing starts through 2010. HIA is forecasting a boost in housing starts of 16 per cent in 2010 compared to the disastrous year in 2009.

"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 number of seasonally adjusted residential dwelling approvals increased in January by 3.4 per cent in New South Wales, 22.2 per cent in South Australia, 2.9 per cent in Western Australia. Approvals fell by 15.9 per cent in Victoria, 7.4 per cent in Queensland, and 27 per cent in Tasmania. The trend number of approvals increased by 0.8 per cent in the Northern Territory and fell by 4.2 per cent in the Australian Capital Territory.

Australia - Monthly Dwelling Approvals

Source: ABS Building Approvals



For further information please contact:

Ben Phillips, Senior Economist

0424 147 321