

6 March 2008

Weak Start to 2008 for Building Approvals

Building approvals only managed a very modest recovery in January following a sharp drop at the end of last year.

Total building approvals increased by a meek 1.9 per cent in January after a large (revised) fall of 11.3 per cent in December 2007. Detached house approvals increased by 2.2 per cent to a level of 9,234, following a 4 per cent decline the previous month. Approvals for multi-units ticked up by only 1.1 per cent after a 25 per cent drop in December.

Building approvals were effectively flat over the three months to January 2008 and the number of approvals for the key private detached house sector was down by 1.2 per cent.

HIA Chief Economist Harley Dale said that building approvals were once again trending down.

"Higher interest rates have snuffed out a nascent recovery in building approvals, as we have seen occur several times before over the last few years," Mr Dale said.

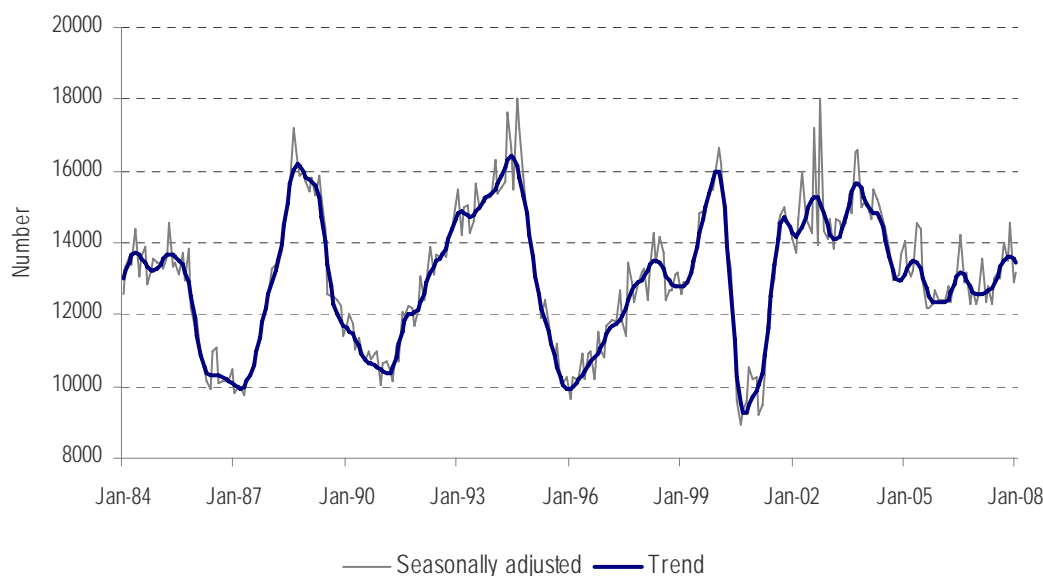
"The onerous interest rate burden will make 2008 a difficult year for new home building and will delay the closing of the yawning gap between housing supply and demand," Mr Dale said.

"Against this backdrop recent Federal initiatives to boost the supply of affordable housing are to be commended," said Mr Dale.

"It will be vital to maintain a focus on alleviating the supply side constraints to new residential construction in the midst of a challenging environment that will be with us for some time to come," added Mr Dale.

On a state by state basis the number of seasonally adjusted building approvals in January increased by 6.6 per cent in New South Wales and was up by 3.9 per cent in Victoria, 3.8 per cent in South Australia, and 2.6 per cent in Western Australia. Building approvals fell by 3.9 per cent in Queensland and 2.6 per cent in Tasmania. The trend in building approvals fell by 2 per cent in the Northern Territory and by 0.6 per cent in the Australian Capital Territory.

Building Approvals - Australia



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