

Weak Start for Approvals in 2009

A further drop in building approvals in January 2009 highlights the urgency required in implementing the Federal Government's housing stimulus plan, said the Housing Industry Association, Australia's largest building industry association.

HIA Chief Economist, Dr Harley Dale, said that a sharp drop in the multi-unit market dragged building approvals down for the seventh consecutive month in January 2009.

"A further decline in building approvals in January is a very weak update on the short term prospects for new home building activity. It highlights the obvious, that the revival of the first home buyer market isn't enough on its own to generate a recovery in residential construction," Harley Dale said.

Total building approvals fell by 3.7 per cent in January this year to hit their lowest level since February 2001. Multi-unit approvals sank by 15.7 per cent. Detached house approvals eked out a 0.8 per cent gain after falling for eight months straight through to December last year.

"There is substantial interest rate stimulus in the Australian economy that has yet to have its full positive impact on housing activity, but the plan to build 20,000 new public and community dwellings is vital," Harley Dale said.

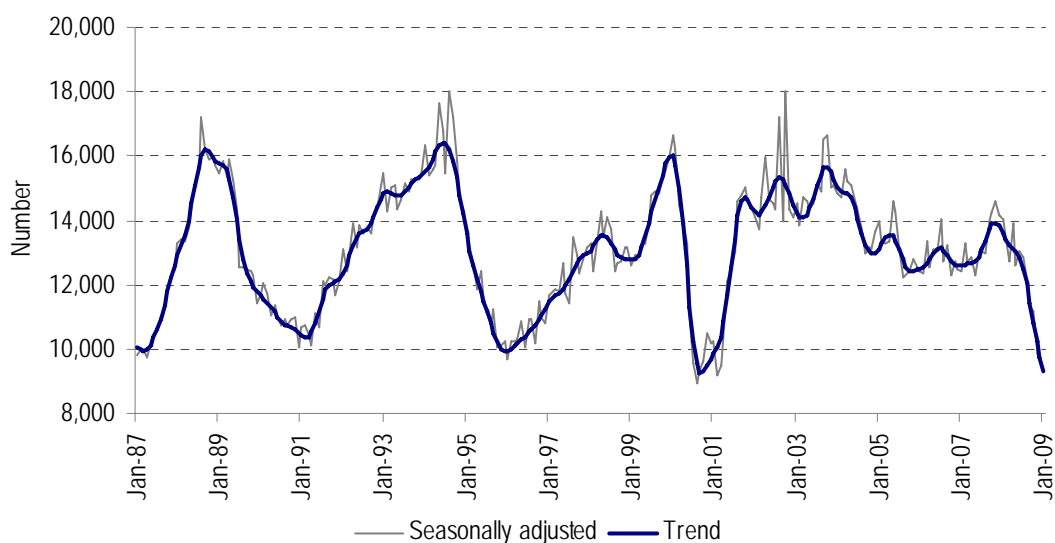
"The rapid implementation of this stimulus can provide the catalyst for a broad-based recovery in the new home building sector over 2009 and 2010," Harley Dale added.

The number of seasonally adjusted residential dwelling approvals did not fall across the board in January, with increases evident for Victoria (+1.2 per cent), South Australia (+6.2 per cent), Tasmania (+4.4 per cent), and the Northern Territory (up 1.3 per cent in trend terms).

Falls for January 2009 were recorded in New South Wales (-19.2 per cent), Queensland (-3.6 per cent), Western Australia (-4.2 per cent), and the Australian Capital Territory (down 7.1 per cent in trend terms).

Building Approvals - Australia

Source: ABS 8731



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