

31 August 2010

Patchy Update for Building Approvals

ABS Building Approvals posted their first increase in four months in July, but remained down on their early 2010 levels, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Chief Economist, Dr Harley Dale, said that a modest 2.3 per cent increase in building approvals in July 2010 was driven by a 6.5 per cent lift in 'Other dwellings'. Detached house approvals were flat for the month.

"This was the first rise in approvals for other dwellings since March and largely reflected semi-detached dwellings and units of four or more storeys," said Harley Dale.

"However, building approvals remain soft overall in mid 2010, falling over the three months to July," Harley Dale said.

Over the three months to July 2010 total building approvals were down by 11 per cent reflecting a 17 per cent fall in other dwellings and a decline of 8 per cent for detached houses.

"The on-going downward trend for building approvals indicates that a first stage recovery in housing starts in 2010 will fail to gather traction next year."

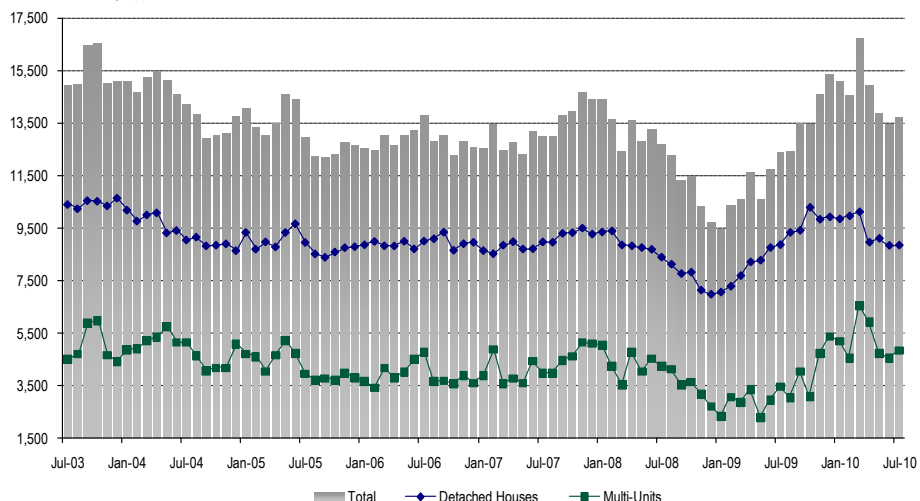
"That lack of a sustainable recovery reflects higher interest rates, the unwinding of fiscal stimulus, and the considerable supply side obstacles to new housing which include a dire lack of available finance."

"The weak profile for leading housing indicators over 2010 to date supports the case for steady interest rates. It also highlights the need for a re-doubling of efforts to reduce the impact of regulation, development charging, and excessive taxation on the cost of new housing supply."

"A new Federal government needs to commit to housing policy priorities regarding a cost reduction program for new housing, the establishment of a housing and development ministry, and recognition and support for small business," added Harley Dale.

Building approvals increased in six out of eight states and territories in July 2010. In the month of July the number of seasonally adjusted building approvals increased by 12.1 per cent in Victoria, 9.7 per cent in New South Wales, 8.2 per cent in South Australia, and 4.5 per cent in Tasmania. Approvals fell by 18.3 per cent in Queensland and were down by 4.9 per cent in Western Australia. In trend terms, approvals increased by 13.4 per cent in the Northern Territory and by 2 per cent in the Australian Capital Territory.

Australia - Monthly Dwelling Approvals
Source: ABS Building Approvals



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