

Dwelling Approvals Recover in June

Building approvals recovered well in June after a sharp drop the previous month, but multi-unit approvals remained well down on mid 2008 levels, said the Housing Industry Association, Australia's largest building industry organisation.

HIA Chief Economist, Dr Harley Dale said that unit approvals jumped by 28.1 per cent in June following a 39 per cent slump in May.

"It is encouraging to see a recovery in the multi-unit sector in the month of June. A very small part of this result may be attributed to the Federal Government's Social Housing Initiative, with the majority of the boost from this program to emerge through 2009/10," Harley Dale said.

"Multi-unit approvals fell by 8 per cent in the June 2009 quarter and were down by 36 per cent compared to the June 2008 quarter. Federal programs such as the Social Housing Initiative and the National Rental Affordability Scheme have a vital role to play in boosting the stock of new dwellings. It will be important to see evidence of renewed private investor interest in new residential property, something that remained lacking in the first half of 2009," said Harley Dale.

Detached house approvals continued their upward momentum, rising by 4.7 per cent in the month and nearly 12 per cent over the June quarter.

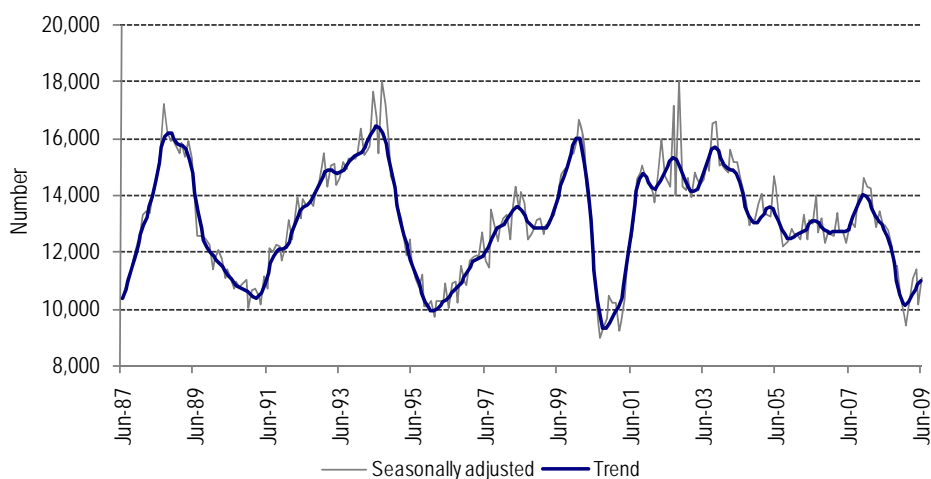
"Detached house approvals trended higher throughout the first half of 2009 due both to the boost to first home buyer grants and historically low variable mortgage rates. That recovery will be reflected in a moderate lift in detached house starts through the second half of 2009," Harley Dale said.

"A sustained recovery in new home building will need to be more widely driven than the predominantly first home buyer-related activity that has been evident to date if we are to make serious in-roads into plugging the shortfall of new housing stock in Australia," added Harley Dale.

The number of seasonally adjusted residential dwelling approvals increased in June by 3.4 per cent in New South Wales, 17.4 per cent in Victoria, 11.3 per cent in South Australia, and 21.1 per cent in Western Australia. Dwelling approvals fell by 1.9 per cent in Queensland and by 7.5 per cent in Tasmania. The trend number of approvals increased in both the Northern Territory (+5.7 per cent) and the Australian Capital Territory (+4.6 per cent).

Building Approvals - Australia

Source: ABS 8731



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