

5 May 2010

Building Approvals bounce back in March

The Housing Industry Association, Australia's largest building industry organisation, said that monthly building approvals grew by a healthy 15.3 per cent in March 2010. The increase was driven by a massive 51.2 per cent increase in units and semi-detached approvals and a small 0.5 per cent increase in detached dwelling approvals.

HIA Senior Economist, Ben Phillips said "this pleasing result bucks the recent trend of lower approvals numbers and a host of other poor leading indicator figures such as land sales, new housing loans and new home sales.

Through the March quarter, total building approvals were up 4 per cent, with detached housing up 0.9 per cent and coming off a poor base, while "other dwellings" were up 11.6 per cent. Compared to 12 months ago, approvals for the March quarter were up a very healthy 47 per cent.

"The strong result supports HIA's forecast that housing construction will be much stronger over 2010 with housing starts expected to be up 18 per cent on a very weak 2009.

"The healthy state of building approvals reflects a stronger economy, record population growth, the Federal Government's social housing stimulus and the low interest rate environment through 2009.

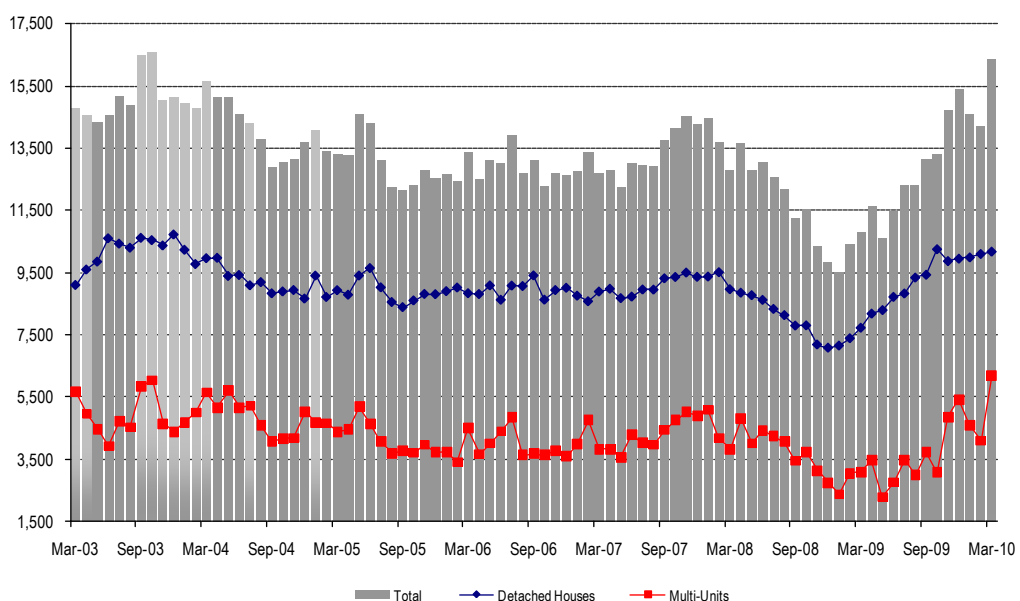
"HIA is concerned that further interest rate increases through 2010 will see building approval numbers fall and housing activity drop back later in 2010 and 2011.

"Such a result would widen the housing shortfall and spell further bad news on the housing affordability front, especially for first home buyers and renters attempting to get into home ownership, said Ben Phillips.

"As solid as the approvals numbers are for the first three months of 2010, population growth dictates that even stronger numbers are required to start eating into the housing shortage of nearly 200,000 estimated by the Federal Government's *Housing Supply Council*.

The number of seasonally adjusted residential dwelling approvals increased in March by 43.4% in New South Wales, 8.2 per cent in Western Australia, 13.3 per cent in Victoria, and 24.4 per cent in South Australia. Approvals fell by 1.9 per cent in Queensland and 5 per cent in Tasmania. In trend terms, building approvals dropped 25.4 per cent in the Northern Territory and dropped 2.9 per cent in the ACT.

Australia - Monthly Dwelling Approvals
Source: ABS Building Approvals



For further information please contact:

Ben Phillips, Senior Economist 0424 147 321
Graham Wolfe, Chief Executive – Association 0419 751 188