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Building Approvals Signal Steady Rates

ABS Building Approvals fell further in May 2010, reinforcing the case for steady interest rates and renewed urgency in supply side housing reforms, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Chief Economist, Dr Harley Dale, said that higher interest rates together with obstinately large supply side constraints were weighing down on the new home building industry.

"Now that the positive impact of past policy stimulus – low interest rates, the first time buyer boost, and social housing provision - is well beyond the peak, cracks have appeared in the sustainability of Australia's new home building recovery," said Harley Dale.

"The hikes in interest rates that we have already experienced are clearly biting, exacerbating on-going difficulties with land supply, credit availability, and a range of other obstacles preventing a sustainable boost to Australia's new housing supply."

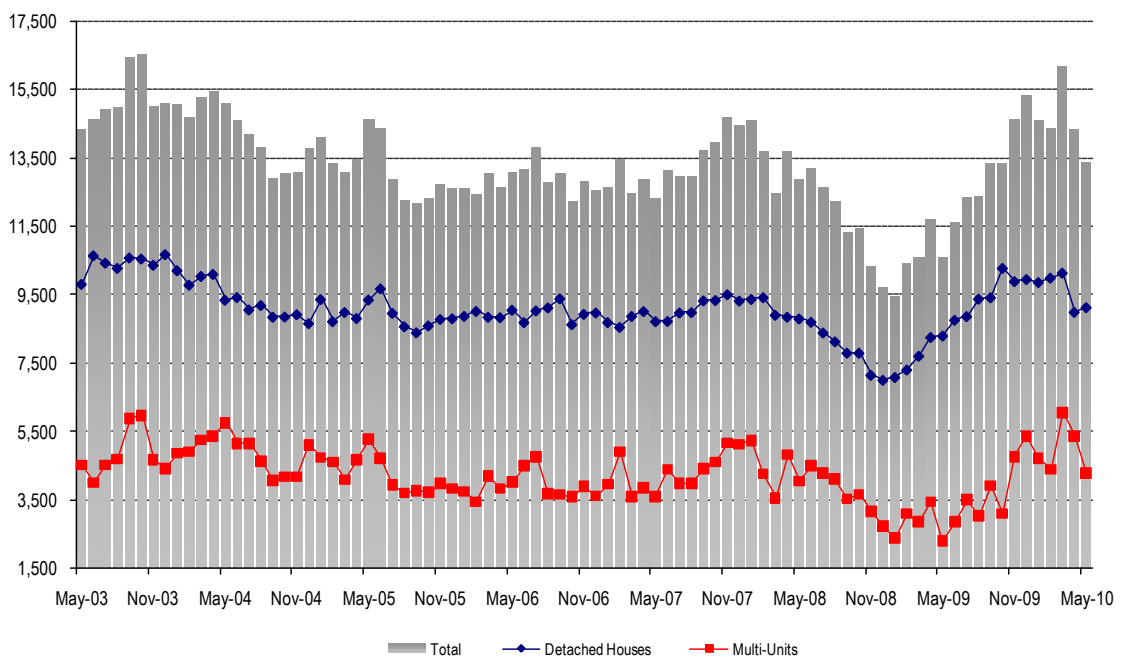
"Steady interest rates are the clear signal from today's building approvals release."

"Meanwhile supply side policy reform needs to be more urgently addressed. Clearly there are barriers at work causing an unduly large disconnect between current and potential new housing demand," said Harley Dale.

Detached house approvals increased by 1.5 per cent in May 2010. In trend terms, detached house approvals have been easing for five consecutive months. Approvals for 'Other dwellings' dropped by 20.2 per cent in May to reach their lowest level since October last year.

In May 2010 the number of seasonally adjusted residential dwelling approvals fell in five out of six states. Approvals fell by 9.8 per cent in New South Wales, 3 per cent in Victoria, 8.6 per cent in Queensland, 13.9 per cent in Western Australia, 24.6 per cent in Tasmania, and were down by 1.1 per cent in trend terms in the Northern Territory. Approvals increased by 30.6 per cent in South Australia and were up by 3.7 per cent in trend terms in the Australian Capital Territory.

Australia - Monthly Dwelling Approvals
Source: ABS Building Approvals



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