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MEDIA RELEASE

Approvals Post Disappointing Rebound from October Low

Building approvals rebounded in November after recording their lowest level in 29 months in October 2011, said the Housing Industry Association, the voice of Australia's residential building industry.

"Building approvals for both detached houses and other dwellings saw increases in November 2011, although the results come off a low base and total approvals remain significantly down on a year earlier," said HIA Senior Economist, Andrew Harvey.

In the month of November 2011 total seasonally adjusted building approvals rose by 8.4 per cent following a 10.0 per cent drop in October and a 14.8 per cent fall in September. Detached house approvals rose by 4.9 per cent in November while approvals for other dwellings rose by 16.1 per cent. Total November approvals were down by 18.9 per cent on one year earlier.

"At least today's approvals update is on the right side of zero growth, but the level of total approvals remains weak and serves to reinforce the need for further interest rate cuts in the first half of 2012," Andrew Harvey noted.

"Further rate cuts are absolutely essential to shore up homebuyer confidence in light of global economic conditions and to help ameliorate the effects of the increased consumer cautiousness that has pervaded the Australian economy since the GFC," said Andrew Harvey.

"Building approvals over the three months to November 2011 imply an annual level of housing starts of under 130,000. That is lower than the level reached in GFC-affected 2008/09 and strengthens the case for urgent government action in addition to further rate cuts," Mr Harvey added.

The November results were mixed across the states and territories but Victoria was the standout with seasonally adjusted approvals up by 39.9 per cent in the month, a result exaggerated by the poor showing in October. Seasonally adjusted approvals rose by 2.0 per cent in New South Wales and by 6.6 per cent in Queensland. Approvals fell by 1.9 per cent in South Australia, 16.9 per cent in Western Australia and 7.9 per cent in Tasmania. In trend terms, approvals fell by 14.0 per cent in the Northern Territory and by 21.5 per cent in the Australian Capital Territory.

Monthly Building Approvals - Australia

Source: ABS 8731



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