

## Weak Update for Building Approvals

The Housing Industry Association, Australia's largest building industry organisation, said that building approvals fell slightly in October in a further sign that the new home building recovery may lack the scale required to plug Australia's housing shortage.

HIA Chief Economist, Dr Harley Dale said that building approvals levels currently implied around 145,000 housing starts per year, well short of the new homes required to meet Australia's rapidly growing population.

"It is encouraging to see signs of a new home building recovery, but then after five years of trend decline in residential construction you would certainly hope to be seeing some evidence of a turnaround.

"We are, however, looking at a moderate rather than strong lift in new home building in 2010. This disappointing outlook will remain in play until such time as credit constraints on medium and high density developments are eased and until supply side obstacles including inequitable taxation of new housing and re-emerging land supply shortages are effectively tackled.

"In the meantime an acute shortage of new housing stock will persist, generating undue pressure on rents and on existing home values," said Harley Dale.

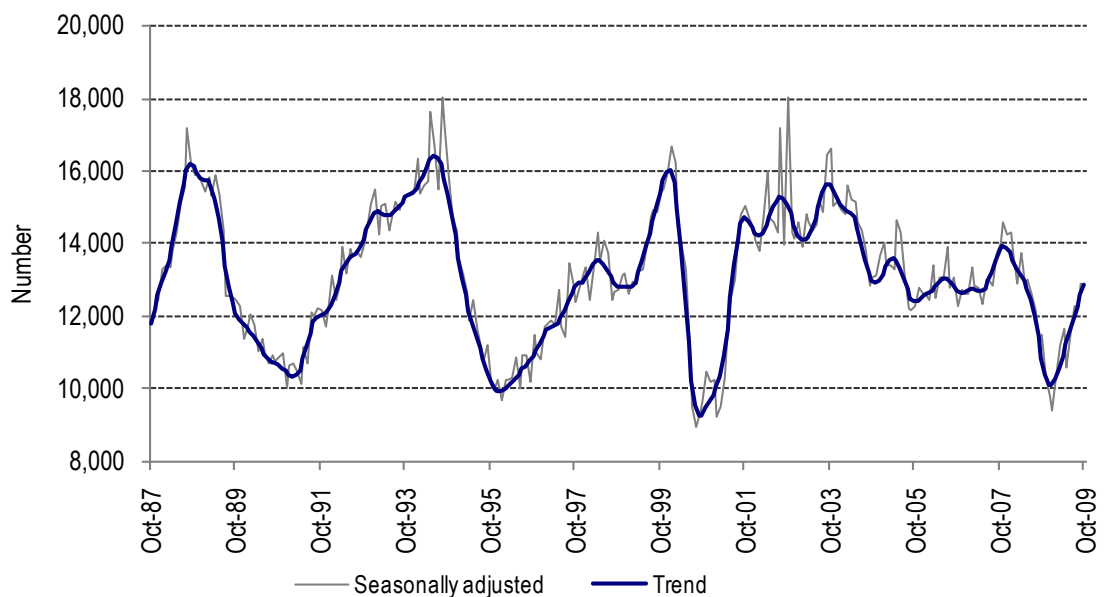
Total seasonally adjusted building approvals eased by 0.7 per cent in the month of October, driven by a 17.9 per cent drop in multi-unit approvals. Detached house approvals increased by 5.7 per cent following an upwardly revised 1.1 per cent gain in September.

Building approvals increased in three states and fell in three states in October.

The number of seasonally adjusted residential dwelling approvals increased in October by 10.5 per cent in Tasmania, 9.7 per cent in Western Australia, and 4.2 per cent in Queensland. Approvals dropped by 10.2 per cent in New South Wales and were down by 4.5 per cent in South Australia and 0.3 per cent in Victoria. The trend number of approvals increased by 2 per cent in the Northern Territory and by 1 per cent in the Australian Capital Territory.

### Building Approvals - Australia

Source: ABS 8731



#### For further information please contact:

Harley Dale, Chief Economist 0414 994 186  
Ben Phillips, Senior Economist 0424 147 321