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## Credit Availability Remains Major Issue

HIA, Australia's largest building industry association, believes weak building approvals throughout 2008 to date confirmed the likelihood of continued weakness in Australia's residential sector for the remainder of this financial year.

HIA Chief Executive of Policy, Chris Lamont, said that on a seasonally adjusted basis, total building approvals decreased by 5.4 per cent in October to be down by 26.1 per cent on the same month last year. The number of detached house approvals fell by 2.9 per cent and approvals for the multi-unit sector fell by 11.1 per cent compared to the previous month. The multi-unit sector has fallen over 37 per cent in the last 12 months.

"The fall in interest rates combined with a tripling of the First Home Owners Grant (FHOG) and additional commonwealth incentives that will commence in 2009 will help sustain employment and activity in the residential construction sector. These measures are essential and appropriate in the current economic climate". Mr Lamont added.

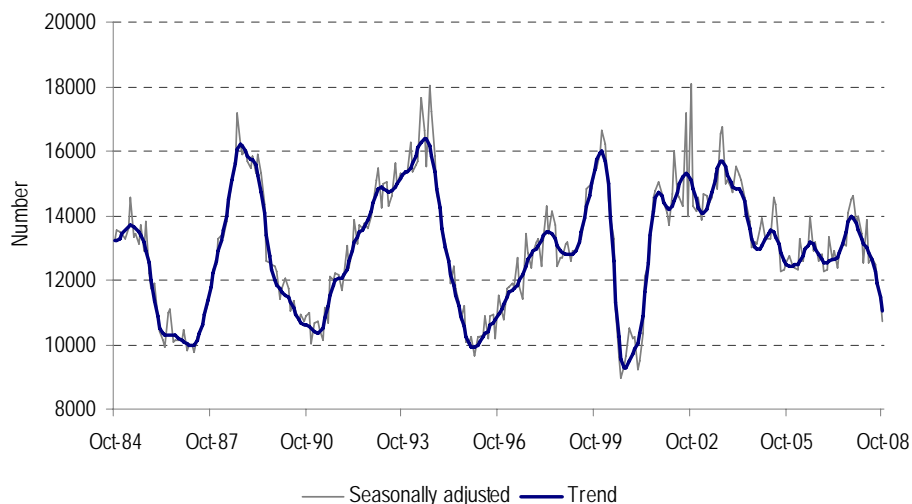
HIA expects that the credit squeeze and consumer concerns over job security is reducing current and planned activity.

"Given the current state of the economy, local and state governments need to implement effective measures to complement the commitment and measures shown by the federal government". Mr Lamont added.

The multi-unit sector has been hit the hardest by the interest rate environment and the global credit crisis which has tightened lending conditions for developers.

On a state by state basis the number of seasonally adjusted building approvals in October fell by 3 per cent in Victoria, 25.9 per cent in Queensland, 16 per cent in South Australia. Building approvals increased by 7.3 per cent in New South Wales, and by 2.9 per cent in Western Australia and 0.8 per cent in Tasmania. The trend number of building approvals was up by 3.4 per cent in the Northern Territory and declined by 4.9 per cent in the Australian Capital Territory.

Building Approvals - Australia



**For further information please contact:**

Chris Lamont on 0414 765 040

Ben Phillips on 0424 147 321