

APPROVALS SPIKE NO CAUSE FOR RATE RISE

A spike in the approval of apartments has masked the six year low in the approval of private sector houses and should be no cause for a rate rise.

Dwelling approval figures released today for the month of February show that despite a rise of 10.6 per cent in approvals over the month, the trend for separate house approvals continues to fall, sliding 1.4 per cent over the month.

Australia's peak building industry body, HIA, said that this overall increase is by no means a reflection of buoyant conditions and another interest rate rise at this stage of the cycle will build further pressure in housing and rental markets.

HIA's Executive Director Housing and Economics, Mr Simon Tennent, said that the approval of only 8,300 separate homes over the month is cause for great concern.

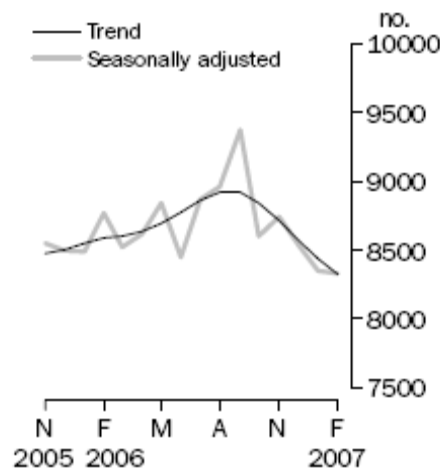
"This level of activity continues to highlight the difficulties of putting an affordable house and land package on the ground and with a renewed burst in house prices, higher rates in the first half of this year will most likely send housing affordability to new records lows by June," Mr Tennent said.

"Today's figures also underline the importance of an all of government approach to addressing what is rapidly becoming one of Australia's largest social problems."

"If we are to properly address the issue of improving housing affordability, urgent supply side measures are needed which focus on land release, state and local government taxes, approval times and the raft of regulation which adds countless thousand to the cost of a typical home," Mr Tennent said.

Private sector houses approved

Total number



On a state by state basis, The trend estimate for total dwelling units approved rose 0.6% in February 2007. The trend rose in Victoria (+1.5%), Queensland (+3.5%) and South Australia (+2.1%) and fell in New South Wales (-0.7%), Western Australia (-4.0%), Tasmania (-0.4%), the Northern Territory (-8.5%) and the Australian Capital Territory (-2.9%).

Further information:

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