

FLAT START TO APPROVALS IN 2007/08

Building approvals went nowhere at the start of the new financial year.

Figures released today show that dwelling approvals only managed a 0.4 per cent increase in July to a level of 12,980.

Approvals for detached houses increased by 1 per cent in July to a level of 8,852, still 1.4 per cent lower than in July last year. Apartment approvals were down by 0.7 per cent to 4,128, a sharp 18.3 per cent off the level of a year earlier.

Australia's peak building industry body, HIA, said that no clear upward trend had emerged in building approvals through 2007 to date.

HIA's Chief Economist, Mr Harley Dale, said that building approvals peaked back in October 2003 and nearly four years on there was still no sign of a recovery for new home building.

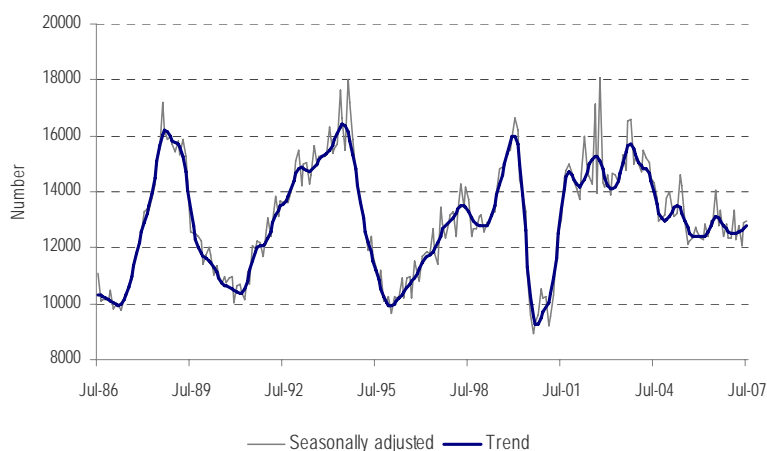
"For leading indicators such as building approvals to still be struggling so long after a peak in the cycle provides compelling evidence of the negative impact record low housing affordability is having on the residential sector," Mr Dale said.

"The first seven months of 2007 have actually been weaker for approvals than last year and that is before the negative impact of the August rate rise takes hold," Mr Dale said.

"Without a concerted effort to alleviate the affordability constraint 2007/08 will mark yet another weak year for new home building, placing further pressure on rental markets which are already extremely tight," Mr Dale added.

The monthly trend in building approvals in July fell by 4.5 per cent in Tasmania, 2.3 per cent in New South Wales, and 1 per cent in the Northern Territory. Approvals were effectively flat in South Australia (+0.2 per cent), Queensland (+0.3 per cent), and Western Australia (+0.3 per cent). Building approvals were up by 2.6 per cent in Victoria and 10.9 per cent in the Australian Capital Territory.

Building Approvals - Australia



Further information:

Harley Dale, HIA Chief Economist, on 0414 994 186