

APPROVALS HIGHLIGHT SLUGGISH HOME BUILDING

Hefty affordability constraints are preventing a recovery in new housing.

Dwelling approval figures released today for the month of March show that private sector house approvals rose by just 0.8 per cent while apartment approvals reversed their jump in February, falling by 33.2 per cent.

Detached house approvals fell by 2.9 per cent over the March quarter to be 2.6 per cent lower than in the March 2006 quarter.

Australia's peak building industry body, HIA, said that a stable interest rate climate was welcome news for the home building industry but government-imposed barriers to home building are preventing a recovery.

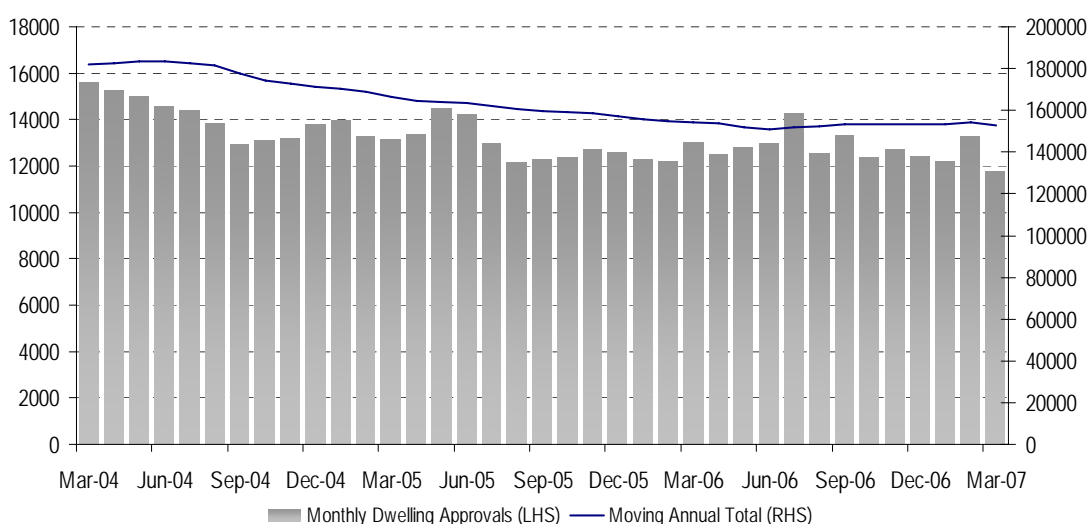
HIA's Chief Economist, Mr Harley Dale, said that the trend in approvals for separate homes has declined for six consecutive months.

"Interest rates being on hold are a plus for residential construction," Mr Dale said.

"This plus will not translate into a recovery in home building, however, unless something is done to address the large structural barriers in the form of high fees, taxes, and charges, planning and regulatory constraints, and the lack of available, affordable land."

Monthly Dwelling Approvals – Australia

Source: ABS 8731.06



On a state by state basis, the trend estimate for total dwelling units approved fell in the Northern Territory (-5.3%), Western Australia (-3.1%), Queensland (-1.7%), and New South Wales (-1.3%). The trend estimate increased in South Australia (+0.1%), Tasmania (+0.4%), Victoria (+0.5%), and the Australian Capital Territory (+10.7%).

Further information:

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media release