

WEAK UPDATE ON BUILDING APPROVALS

Building approvals fell in May, dragged down by a weaker month for both detached houses and multi-units.

Dwelling approval figures released today show that building approvals dropped by 5.6 per cent in May. Detached house approvals fell by 3.5 per cent to a level of 8,670. Apartment approvals were down by 10.6 per cent to a level of 3,334.

Detached house approvals were flat over the three months to May compared to the same three month period last year, while approvals for apartments were 5 per cent lower.

Australia's peak building industry body, HIA, said that building approvals were running at an annual rate of just over 150,000 when in excess of 170,000 per annum were required to meet underlying demand.

HIA's Chief Economist, Mr Harley Dale, said that building approvals had been trending down again for 10 consecutive months.

"The sustained weakness in approvals highlights the urgent need for an all of government response to address the hefty supply constraints afflicting new housing," Mr Dale said.

"The burden of infrastructure and community service provision which is being borne by the private sector, together with the excessive cost of raw land and the hefty delays in the planning system, are all inhibiting a recovery in residential construction," Mr Dale said.

There is a need for a reform of government planning frameworks, strategies to reduce the cost of development and supply of housing, and policies to assist first home buyers to save for and attain a foothold in the housing market.

Building Approvals - Australia



On a state by state basis, the trend estimate for total dwelling units approved fell in Western Australia (-1.0%), New South Wales (-0.8%), South Australia (-0.7%), Queensland (-0.6%), Victoria (-0.4%), and Tasmania (-0.4%). The trend estimate increased in the Northern Territory (+4.6%) and also in the Australian Capital Territory (+0.5%).

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