

DWELLING APPROVALS UP BUT STILL DISAPPOINTING

Despite a welcome jump in the number of new homes approved in the month of November, the rise will do little to alleviate Australia's housing squeeze.

Today's figures show that building approvals rose by 4.1 per cent in November to a level of 12,739 which is still 0.4 per cent lower than in November last year. Approvals for detached houses rose by 3.1 per cent to a level of 8,881, up 3.4 per cent on last year. The number of approvals for flats, units and townhouses rose by 2.4 per cent to 3,421.

Australia's peak building industry body, HIA, said that the figures demonstrate how poor affordability and a lack of investor interest continues to weigh on the housing sector.

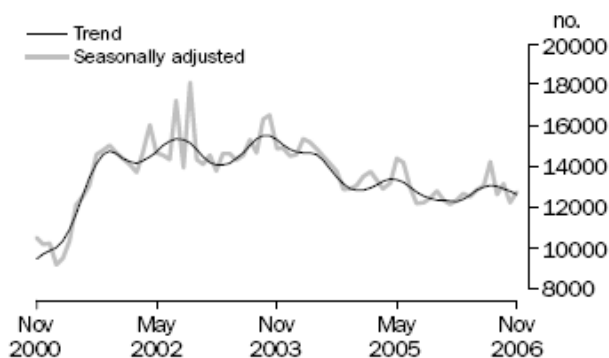
HIA's Executive Director Housing and Economics, Mr Simon Tennent, said that any rise at this stage of the cycle is better than a fall however the less volatile trend figures for building approvals remain in solid decline.

"The simple maths is the industry needs to approve around 13,500 dwellings each month to house Australia's growing population," Mr Tennent said.

"Today's 4.1 per cent increase has approvals at 12,700 which is obviously way below target," he added.

"Sadly, with affordability still falling and investors favouring Australian equities over residential property, 2007 is likely to be another below par year for the building industry which will see rental markets tighten, and first home buyers face even bigger hurdles.

It is hoped that this build up in demand at a time of increased savings, higher wages and an improvement in land and home building trades, the industry will be back on track in the early part of 2008. In the meantime the continued expansion within the renovation market as shown in today's 2.2 per cent increase in the value of work approved will cushion the industry throughout the year.



On a state by state basis, seasonally adjusted approvals rose by 18.5 per cent in Western Australia, 17.2 per cent in South Australia, 7.7 per cent in Victoria and 6.8 per cent in Tasmania. Approvals were weak however in New South Wales, down 10.6 per cent and Queensland, down 4.1 per cent.

Further information:

Simon Tennent, Executive Director Housing and Economics, on 0419 445 557

Website: <http://economics.hia.asn.au>