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APPROVALS CONTINUE TO SUPPORT 'SOFT LANDING'

A mild recovery in approvals for multi-units led to a small rise in building approvals in April.

Figures released today for April showed an overall lift of 1.8 per cent. Approvals for flats, units, and townhouses increased by 6.2 per cent but remained down by 23 per cent on the April 2004 level. Approvals for detached houses were flat for the month, but were still more than 11 per cent lower than the same time last year.

Australia's peak building industry body, HIA, said that the April outcome was an encouraging one given the significant negative sentiment generated by an interest rate rise in March.

HIA's Senior Economist, Mr Harley Dale said that like all leading indicators, building approvals were pointing to an on-going pull-back to new housing activity, but not to an alarming extent.

"Building approvals are significantly but not substantially down on the levels of a year ago," Mr Dale said.

"This suggests that the moderate correction to new residential construction activity already underway will continue rather than something more savage unfolding. That is encouraging for the industry," Mr Dale added.

"We do appear to be coming through the other side of what was a fairly jittery period in early 2005. Provided interest rates are held steady then a less uncertain environment will ensure the moderate correction to housing stays intact," Mr Dale said.

On a state by state basis, seasonally adjusted approvals increased in New South Wales, up 12.2 per cent, in Tasmania, up 9.4 per cent, in Queensland, up 3.7 per cent, and in Victoria, up 1.8 per cent. Falls were recorded in Western Australia, down 6 per cent and in South Australia, down 10.3 per cent. In original terms building approvals fell by 7.4 per cent in the Northern Territory and by 10.3 per cent in the Australian Capital Territory.

Further information:

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media release