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FRAGILE HOUSING RECOVERY STALLS

In the month before official interest rates rose, house and unit approvals fell nationally by 3.4 per cent.

Figures released today for the month of April showed a 11.6 per cent fall in the approval of flats, units and townhouses, down to 3,451 units, while for detached house approvals, activity was flat with only a 0.3 per cent rise to 8,654 dwellings.

Australia's peak building industry body, HIA, said that today's soft result signals the 11th consecutive fall in the trend for dwelling approvals to a level well below underlying demand.

HIA's Executive Director of Housing and Economics, Mr Simon Tennent said that it is of great concern that month-after-month, the industry is unable to approve the required 12,750 homes per month in order to keep pace with population growth, overseas migration and household formation.

"The signs are clear that while potential housing consumers sit back in the hope that affordability improves, the screws continue to be tightened as higher rents, health costs and petrol prices squeeze household budgets," Mr Tennent said.

"And all of this has taken place before the latest interest rate increase which will clearly have further negative influence on approvals towards the end of the year."

"While there is no single quick fix to kick-starting home building activity, it remains crucial that rates be left steady and housing supply not be thwarted by high raw land costs, and the various fees, taxes and charges associated with new construction," Mr Tennent said.

On a state by state basis, seasonally adjusted approvals fell by 35.3 per cent in Tasmania and were down by 18.4 per cent in Victoria and 9.4 per cent in Queensland. Approvals increased by 1.2 per cent in New South Wales, by 18.1 per cent in Western Australia, and by 32.9 per cent in South Australia. In original terms approvals were down by 57.1 per cent in the Northern Territory and 35.3 per cent in the Australian Capital Territory.

Further information:

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media release