

## APPROVALS DOWN AGAIN – HIA

A sharp dip in the approval of flats, units and townhouses has seen total dwelling approvals fall to their lowest level since April 2001.

According to the Australian Bureau of Statistics, approvals fell by 8.0 per cent in August to be 11.7 per cent lower than 12 months earlier. Detached house approvals fell by 3.5 per cent while the approval of flats, units and townhouses fell 21.2 per cent.

Australia's peak building industry body, HIA said that despite some encouraging signs, the weakness was concentrated in New South Wales – Australia's most expensive state for new housing and a state where it is becoming nigh on impossible to get apartment projects approved.

HIA's Chief Economist, Simon Tennent said that of equal concern is the weakness in Queensland which faces a similar housing affordability crunch in the South East corner but is magnified by much lower average household incomes.

"Nationally, it remains one of the softest slowdowns on record thanks to strong regional activity, but with mounting concerns over higher petrol prices and a clear reversal in consumer confidence, most home and renovation builders in the higher priced cities are still bracing themselves for further weakness," Mr Tennent said.

"On the bright side, this period in which cautious consumers are delaying their home purchase decision is building up demand for new housing as evidenced by near record low rental vacancies in most capital cities," he added.

"Our forecasts are for these consumers to continue to pay down debt and add to savings before driving the next upturn in activity in late 2006," Mr Tennent said.

For August, dwelling approvals fell in New South Wales, down 20.8 per cent followed by Queensland, down 14.6 per cent, Tasmania, down 3.3 per cent and Victoria, down 0.1 per cent. Rises were recorded in South Australia, up 3.0 per cent and Western Australia, up 2.3 per cent.

### FURTHER INFORMATION

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