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APPROVALS WEAKEN IN JULY – HIA

After a strong couple of months, a sharp correction in Victoria has seen overall dwelling approvals weaken in July.

According to the Australian Bureau of Statistics, approvals fell by 8.9 per cent in July to be 9.5 per cent lower than 12 months earlier. Detached house approvals fell by 6.3 per cent while the approval of flats, units and townhouses fell 12.6 per cent.

Australia's peak building industry body, HIA said that while the overall fall was sharp, outside of Victoria there are clear signs of confidence returning to the market.

HIA's Chief Economist, Simon Tennent said that the unusual spike of the past two months in Victoria has been reversed, however the current slowdown nationwide still remains one of the softest on record.

"But there are still stark differences across states and cities as evidenced by HIA New Home Sales figures released this week," he added.

"Fortunately today we have seen a solid jump in approvals for New South Wales, up 7.3 per cent, suggesting that announcements relating to interest rates and tax cuts are having a positive effect on buyer confidence in that state"

"Queensland also recorded a solid month, up 6.2 per cent as pent up demand for housing and tight rental vacancy rates keep activity on the boil."

"Today's figures remain in line with our forecasts of a moderation in activity from the highs of the past three years," Mr Tennent said.

For July, dwelling approvals rose in South Australia, up 14.5 per cent followed by New South Wales, up 7.3 per cent, Queensland, up 6.2 per cent and Tasmania, up 3.8 per cent. Falls were recorded in Victoria, down 36.9 per cent and Western Australia, down 1.7 per cent.

FURTHER INFORMATION

Simon Tennent, HIA Chief Economist on 0419 445 557

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