



3 August 2005

## A POSITIVE QUARTER FOR DWELLING APPROVALS – HIA

There was a small rise in building approvals in June, helping the entire quarter to a higher level.

Building approvals rose by 0.9 per cent in June and were up by 3.8 per cent over the quarter. That quarterly lift still saw approvals at a level some 8.1 per cent lower than a year earlier.

Detached house approvals were the winner in the quarter, increasing by 5.8 per cent, although they remained down by 5.5 per cent on year ago levels. Approvals for multi-units barely rose in the quarter, up 0.1 per cent to be down by a sharper 17.4 per cent on the June quarter last year.

Australia's peak building industry body, HIA said that the slightly stronger June quarter for approvals was a good result.

HIA's Senior Economist, Harley Dale said a stable interest rate environment and strong underlying demand pointed to a manageable pull back in housing construction over the next twelve to eighteen months.

"We have been saying for a long time now that housing construction in Australia will slow but avoid falling in a hole. Updates like today's building approvals, showing them weaker than a year ago but not alarmingly so, provide strong support for this view," Mr Dale said.

"That is not to say, however, that the story is a uniform one across the country. New South Wales continues to struggle and the outlook is certainly weaker for this state than elsewhere," Mr Dale said.

"For the rest of Australia, it was generally a positive quarter for building approvals in June. Map that onto a relatively stable outlook for house prices and interest rates, together with robust growth in household incomes, and we are still on track for a slowdown which doesn't reach the depths we have witnessed in the past," Mr Dale said.

For the June quarter, approvals jumped up by 26.9 per cent in Victoria, 17.9 per cent in Queensland, and increased by 1 per cent in Tasmania. Approvals fell by a meagre 1.7 per cent in Western Australia to still remain at a very high level. South Australia fell by a relatively sharp 13.6 per cent, reflecting a savage drop in apartment approvals. New South Wales fell by a larger 17.9 per cent.

### FURTHER INFORMATION

Harley Dale, HIA Senior Economist on 0414 994 186

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

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