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APARTMENTS PULL APPROVALS DOWN

A sharp drop in approvals for apartments has meant a weak end to the first quarter of the year for building approvals.

Figures released today for March showed a 6.8 per cent fall overall. Approvals for flats, units, and townhouses fell by 21 per cent following several months where approvals in this segment have been quite high. Approvals for detached houses eked out a 0.5 per cent rise. Detached house approvals were 11.3 per cent lower than in March 2004 while the equivalent figure for apartments was -33.1 per cent.

Australia's peak building industry body, HIA said the building approvals figures continued to point to softer levels of construction activity ahead, before the effect of the March interest rate rise took full effect.

HIA's Senior Economist, Mr Harley Dale said the full negative impact of the rate rise in March was not likely to show up in building approvals until April.

"An additional chunk of buyer urgency was wiped from the housing market as a result of the interest rate rise and some further moderation in building approvals is likely," Mr Dale said.

"That won't change the story of a reasonably mild pull-back to housing activity ahead."

"That story will be in danger of changing, however, unless the sensible option is taken and a further interest rate rise is taken off the agenda," Mr Dale added.

"The increased degree of uncertainty this year regarding the outlook for interest rates has not been helpful to the housing industry," Mr Dale said.

On a state by state basis, seasonally adjusted approvals rose in South Australia, up 26.2 per cent, Victoria up 3.6 per cent, and Western Australia, up 3 per cent. Falls were recorded in Tasmania, down 5.2 per cent, Queensland, down 6.5 per cent, and New South Wales, down 29.1 per cent. In original terms building approvals increased by 222.7 per cent in the Australian Capital Territory and fell by 52.6 per cent in the Northern Territory.

Further information:

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media release