

BUILDING APPROVALS – NO SUSTAINED RECOVERY EVIDENT EVEN BEFORE RATE RISE BITES

Building approvals ticked higher in March, but only due to an increase in apartment approvals.

Figures released today for the month of March showed a 2.2 per cent increase in building approvals. Approvals for Multi-Units increased by 11.8 per cent to 3839. Detached house approvals fell by 1.5 per cent to 8645, down 7.4 per cent on March 2005.

Australia's peak building industry body, HIA, said that approvals were lower in the March quarter this year than last, suggesting a sustained recovery in residential construction was some way off.

HIA's Chief Economist, Mr Harley Dale, said that the interest rate rise brought down earlier in the week will only further delay that recovery.

"Building approvals had not managed to lift themselves off the mat before the rate rise. And in this new interest rate environment that will remain the case for some time to come," Mr Dale said.

Sustained recovery in building activity will not occur until 2007 as an already cautious home buying public will be forced to pull their heads in further," Mr Dale said.

On a state by state basis, seasonally adjusted approvals rose by 3.7 per cent in South Australia, by 1.4 per cent in New South Wales. Approvals fell by 8 per cent in Western Australia, by 6.4 per cent in Queensland but approvals were flat in Victoria. In original terms approvals were up by 35.6 per cent in Tasmania and by 1.3 per cent in the Northern Territory and down 6 per cent in the Australian Capital Territory.

Further information:

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