



APPROVALS POST STRONG RISE IN JULY

Building approvals posted a rise in July, due primarily to a jump in the multi-unit sector.

Figures released today for the month of July showed an 8.3 per cent increase in total residential approvals. There was a 13.6 per cent lift in the approval for flats, units, and townhouses to 5,427, the third consecutive increase. Detached house approvals increased by 5.4 per cent to 9,041 following a 4 per cent fall the previous month.

Australia's peak building industry body, HIA, said that the increase was certainly positive news, but approvals levels were still running significantly below that required to keep pace with population growth and household formation.

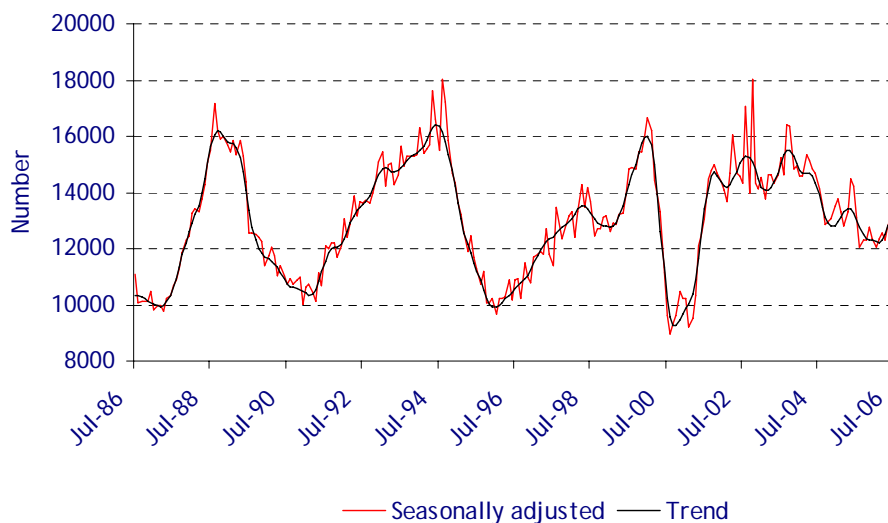
HIA's Chief Economist, Mr Harley Dale, said that a sustained recovery in building approvals was required, but at risk, given that the full brunt of higher interest rates in 2006 was yet to be felt.

"Overall there has been an encouraging recovery in building approvals in 2006 to date, although that recovery has been far more evident for the apartment market than for detached houses," Mr Dale said.

"This financial year will mark the third year in a row where the number of homes built will be lower than the underlying demand for housing so it is vital that the recovery continues. With the impact of the August rate rise yet to be felt a big question mark hangs over whether this recovery can indeed be sustained over 2006/07," Mr Dale added.

On a state by state basis, seasonally adjusted approvals increased by 32 per cent in Victoria and by 25 per cent in Western Australia. Rises were also recorded in South Australia, up 3.2 per cent, and Queensland, up 0.6 per cent. Approvals dropped by 18.8 per cent in New South Wales and were down by 4.9 per cent in Tasmania. In original terms, approvals increased by 125.3 per cent in the Northern Territory and by 10.3 per cent in the Australian Capital Territory.

Building Approvals - Australia



Further information:

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