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MEDIA RELEASE

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Approvals point to home building recession

Building approvals fell sharply in April 2012, in the process sending a very negative signal regarding the wider domestic economy, said the Housing Industry Association, the voice of Australia's residential building industry.

"Building approvals have continued to fall over 2012 to date and imply a recessionary level of new residential construction in 2012," said HIA Chief Economist, Harley Dale.

"That's not a positive, upbeat outcome to report, but it is a fact which can't be ignored or denied," said Harley Dale.

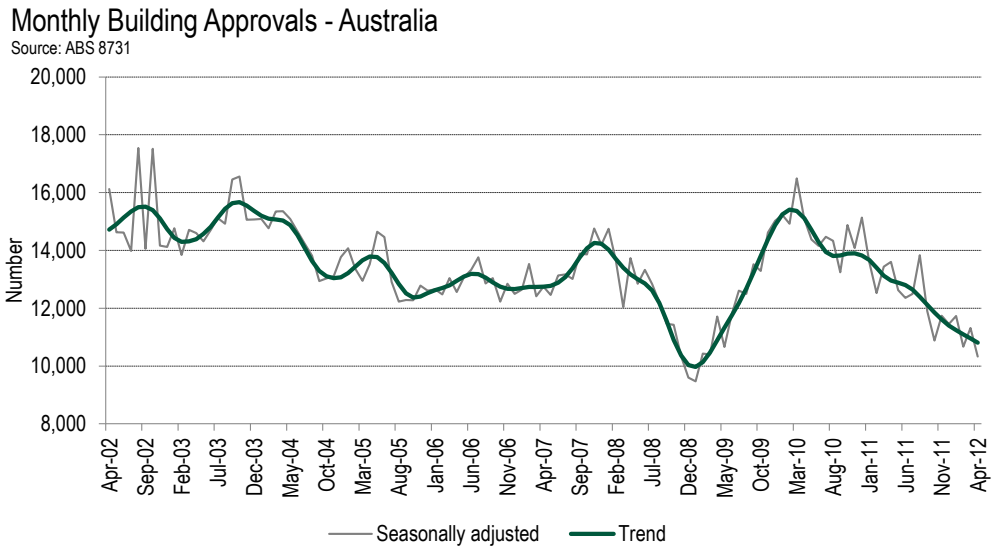
"The last three months of building approvals confirm HIA's message that housing starts are heading towards 130,000. That's a recessionary level of new home building activity with obvious flow-on consequences for Australia's manufacturing and retail sectors, and employment market," said Harley Dale.

"Leading indicators over recent quarters have pointed to this poor result and, worryingly, suggest more to come," said Harley Dale.

"The situation can be turned around, but it requires action and that action needs to occur now. HIA once again calls on Governments to collectively arrest the looming crisis through tax relief and an injection of investment and funding into the new housing sector. Such an injection will also provide vital impetus to the broader non-resource economy," Harley Dale added.

In the month of April 2012, seasonally adjusted building approvals fell by 8.7 per cent to their lowest level since January 2009. Detached house approvals dropped by 12.2 per cent while approvals for other dwellings fell by 1.7 per cent.

In April 2012 total seasonally adjusted building approvals fell by 46.7 per cent in Western Australia, 27.8 per cent in South Australia, 15.3 per cent in New South Wales, and 2.7 per cent in Queensland. Total seasonally adjusted building approvals increased by 13.0 per cent in Victoria and by 9.2 per cent in Tasmania. In trend terms total building approvals fell by 19.1 per cent in the Northern Territory and by 0.9 per cent in the Australian Capital Territory.



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