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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

Approvals Slump towards GFC Levels

Building approvals in October 2011 slumped to their lowest level since March 2009, said the Housing Industry Association, the voice of Australia's residential building industry.

"Approvals for both detached houses and other dwellings dropped sharply in October 2011, taking total approvals to a level 30 per cent below that of the same month last year," said HIA Chief Economist, Harley Dale.

"This outcome vindicates the November interest rate cut, justifies the case for a further cut next week, and highlights the folly of blindly focussing on a budget surplus objective for 2012/13," Harley Dale said.

In the month of October 2011 total seasonally adjusted building approvals fell by 10.7 per cent following a downwardly revised 14.2 per cent drop in September. Detached house approvals fell by 7.6 per cent in October to their lowest level since January 2009, while approvals for other dwellings slumped by 16.7 per cent to their lowest level since October 2009.

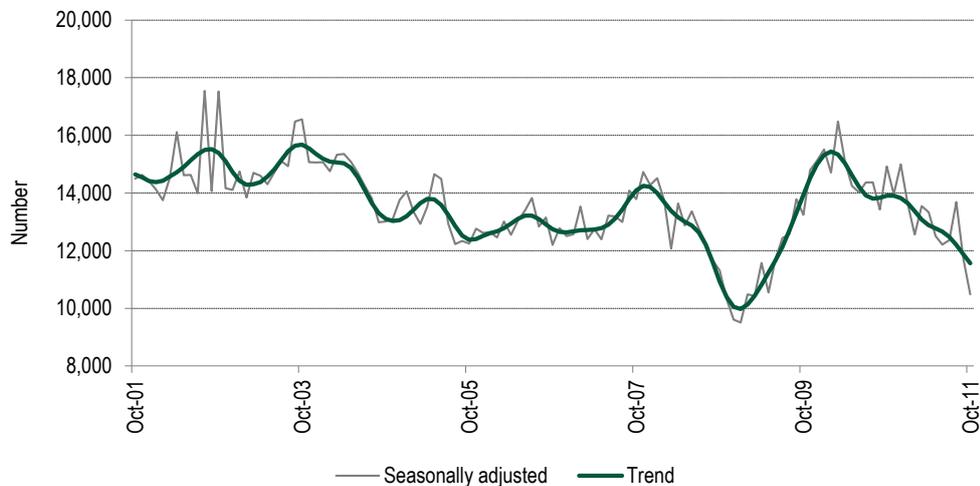
"Today's approvals update is a very weak one which serves to highlight the urgency of acting in late 2011 on both the monetary and fiscal policy front," Harley Dale said. "Such action would both shore up confidence and reduce the risk of housing activity plumbing the depths last seen during the GFC," said Harley Dale.

"Building approvals over the three months to October 2011 are implying a level of housing starts around 138,000 at best, lower than the level reached in calendar year 2009 and only 6,500 higher than the trough hit in financial year 2008/09," Harley Dale added.

There were widespread declines in building approvals across states and territories in October 2011. Seasonally adjusted approvals fell by 0.4 per cent in New South Wales, 18.0 per cent in Victoria, 19.5 per cent in Queensland, 3.3 per cent in South Australia, and 12.9 per cent in Tasmania. Approvals increased by 2.1 per cent in Western Australia. In trend terms, approvals fell by 11.5 per cent in the Northern Territory and were flat in the Australian Capital Territory.

Monthly Building Approvals - Australia

Source: ABS 8731



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