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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

Building approvals reinforce urgent need for action

Building approvals fell to their lowest level in nearly three years in February 2012, highlighting the urgent need for lower interest rates and government action, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Chief Economist, Dr Harley Dale said: We have warned for some time of the risk that new home building activity will again plumb the depths experienced around the GFC. Building approvals are signalling that this outcome is unfolding in 2012.

"Today's building approvals outcome is, quite frankly, woeful, even allowing for New South Wales virtually driving the entire fall. It is difficult to be positive about the short term prospects for new housing when a 7.8 per cent decline in building approvals in February 2012 takes them to their lowest level since March 2009. Furthermore, the level of approvals over the three months to February implies annual housing starts hitting a level lower than the GFC trough of 2008/09," said Harley Dale.

"Current policy settings are failing the housing industry and therefore the wider Australian economy. The time for contemplation is over. Australia's interest rate settings are clearly too high and there needs to be immediate federal and state government focus on policy reform to boost flagging levels of new housing supply, a key driver of domestic economic activity and employment," Harley Dale said.

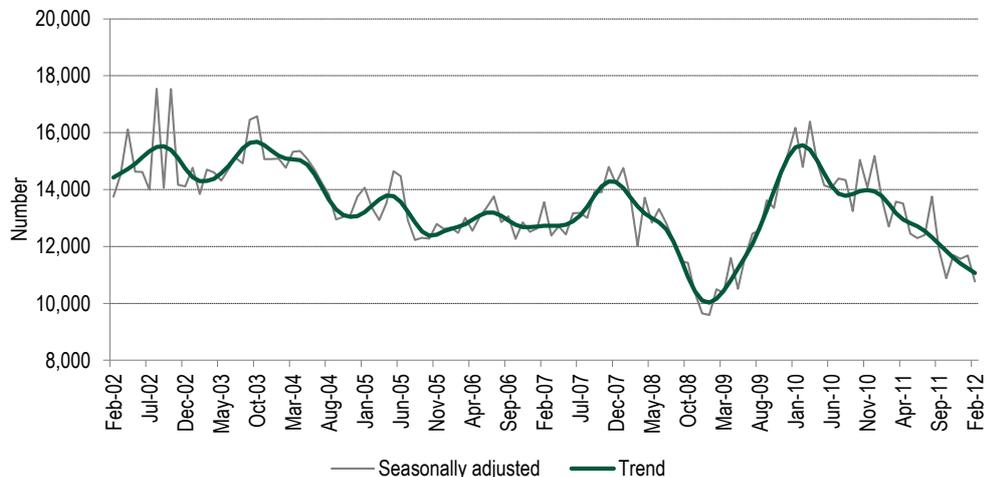
"Today's building approvals update is heavily weighed down by a 41 per cent drop in New South Wales, just as the positive result for January was heavily boosted by a 36 per cent rise in NSW," said Harley Dale. "However, the trend in building approvals is flat to down in every state and territory with the exception of Queensland, which is recovering from an extremely low base."

In the month of February 2012 seasonally adjusted detached house approvals fell by 3.1 per cent while approvals for other dwellings dropped by 16.6 per cent.

In February 2012 total seasonally adjusted building approvals fell by 41.2 per cent in New South Wales and in trend terms fell by 1.4 per cent in the Australian Capital Territory. Total seasonally adjusted building approvals increased by 1.1 per cent in Victoria, 13.0 per cent in Queensland, 10.2 per cent in South Australia, 5.7 per cent in Western Australia, and 10.5 per cent in Tasmania. In trend terms approvals were flat in the Northern Territory.

Monthly Building Approvals - Australia

Source: ABS 8731



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