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Building Approvals Continue to Slide

Total building approvals fell in April 2011, reflecting another poor result for the core detached housing segment, said the Housing Industry Association, the voice of Australia's residential building industry.

HIA Senior Economist, Andrew Harvey, said that total residential building approvals fell by 1.3 per cent in April 2011 to be down by 5.9 per cent over the April "quarter". Total approvals in the three months to April 2011 are 15.4 per cent lower than in the corresponding period one year earlier.

"Today's approvals numbers are driven by a 3.5 per cent fall in detached housing approvals and unfortunately constitute yet another soft update on the state of Australia's residential building industry," said Andrew Harvey.

"April's detached housing approvals represent the weakest monthly result since March 2009 and provide more evidence that house-building levels are heading back towards the GFC-affected lows of financial year 2008/09," said Mr Harvey.

"What we've got with Australia's residential building industry is an industry in severe pain, buckling under the pressure of tight credit conditions, higher interest rates, an inequitable tax burden and a range of supply-side obstacles. It also it doesn't help that we have seen nothing of substance recently in terms of the housing supply reform process," noted Mr Harvey.

On a more positive note, approvals in the highly volatile private sector other dwellings segment rose by 2.2 per cent in April 2011, with a rise in private sector approvals more than offsetting a fall in the public sector.

"In terms of the jurisdictions we've seen a bit of a recovery in Queensland in April where approvals are up by 29.2 per cent after the weather-affected weak outcomes in February and March," added Andrew Harvey.

In addition to the 29.2 per cent increase in Queensland approvals (seasonally adjusted), increases were experienced in Victoria (up by 0.3 per cent) and South Australia (up by 9.9 per cent). The jurisdictions that experienced a decrease in approvals in April 2011 were NSW (down by 12.9 per cent), Western Australia (down by 9.6 per cent) and Tasmania (down by 8.7 per cent). In trend terms approvals in the ACT were up by 2.5 per cent while Northern Territory approvals were up by 0.9 per cent.

Building Approvals - Australia

Source: ABS 8731



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