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MEDIA RELEASE

Hold on Interest Rates – Good News for Townsville’s Home Building Recovery

Today’s announcement to hold interest rates is welcome news for the local residential building industry. The number of single dwelling construction approvals in Townsville has been slowly recovering over the first 6 months of this year after years in the doldrums. Today’s decision will help drive the recovery.

Although Townsville is still not building at a level to support our population growth of almost 3% per annum, the number of approvals for house and land packages has been increasing steadily. Last year only 488 houses were approved for construction in Townsville in the January to June period. This year the number of approvals has increased almost 50% with 719 approvals over the same period.

With improvement in the Townsville market continuing in the face of a national housing recession, much of the progress can be attributed to the confidence that the community has in the economic opportunities that exist in the region including mining, agriculture, tourism and some infrastructure development. Placing interest rates ‘on hold’ will help drive that confidence and persuade perspective home building clients to move ahead with their plans.

The rise in residential construction approvals is not the only indication that “things are looking up for the industry”. Townsville builders are reporting an increase in foot traffic through their display homes. Many home sales consultants have stated that there has been a significant increase in inquiries for new home building from both investors and new home buyers. With few inquiries from investors for over 18 months, there now appears to be a keen interest from investors, particularly at the lower price end of the new home building market.

With rates on hold, it is expected that the industry will continue its upward drive in home building approvals. The real challenge will be keeping regulation and red tape under control if recovery is to continue.

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