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FOR IMMEDIATE RELEASE

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No Rebound for Tassie Building Approvals

There was no good news in the housing approval numbers for Tasmania today as the ABS recorded a 12% decline in the month of May.

The decline in housing approvals went against the national trends that saw rises in every other state and a national jump of over 27%.

HIA Executive Director, Stuart Clues said, "We are not in the business of talking down the industry but today's ABS numbers are what they are: ABYSMAL!"

"We have seen consistent decline across all the lead indicators over the past 12 months including housing starts, finance approvals and now building approvals," said Stuart Clues.

"HIA is calling upon both State and Federal Governments to recognise that an ailing housing sector is a dire warning signal as to the health of the wider economy and they need to step in to stabilise the market, build consumer confidence and create an environment for investment," said Stuart Clues.

"The first step in Tasmania should be the re-introduction of the First Home Owners Grant Boost to stimulate the market. Based on the results of the Federal government FHOG Boost during the GFC we could easily see another 500 homes being built over the next 12 months," said Stuart Clues.

"New home construction has an enormous multiplier effect. Every new home constructed helps up to 30 other small businesses. Unlike large construction projects that take years to get out of the ground; new homes immediately stimulate the economy with cash injections within months which is what this state needs right now," said Stuart Clues.

"From a social perspective the government could do not find a better way to spend money than new homes, as it provides a way of getting young people out of the rental market and into their own home," said Stuart Clues.

Tasmania's building approvals stand in stark contrast to the national approvals which rose strongly in May 2012.

"Building approvals were up by a sizeable 27.3 per cent in May 2012. This result provides some hope of an improved new home building outlook emerging in time and delivers preliminary evidence that recent interest rate cuts may be starting to have an impact," said Stuart Clues.

"However, we need to keep in mind that the result comes off a very low base in April and is driven by the highly volatile multi-unit part of the market. The level of approvals in the core segment of detached housing remains well below the levels recorded one year ago," said Mr Clues.

"Key factors behind the strong May result include a partial rebound in Western Australia which saw approvals up by 24.8 per cent in May after a 47.2 per cent fall in April, along with a similar rebound in South Australia. There is also a "bring forward" effect in both Victoria and NSW where buyers have rushed into the housing market to secure state government home buyer incentives before they end on 30 June 2012," said Stuart Clues.

Multi-unit approvals rose by 58.3 per cent in May 2012 to be up by 41.5 per cent on May 2011, while detached housing approvals were up by 9.0 per cent in May 2012, but down by 8.5 per cent when compared to May 2011. The May result follows a 7.6 per cent fall in total approvals in April to their lowest level since May 2009.

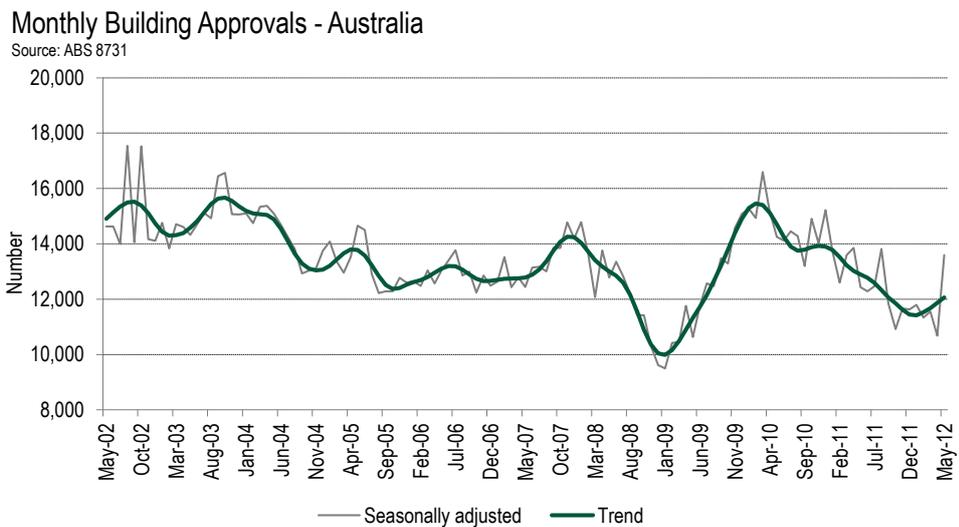
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“Leading indicators of housing activity over recent quarters have simply been appalling, so today’s positive building approvals result is welcome news which comes at a time when many builders, manufacturers and suppliers in the residential building industry continue to face very challenging conditions,” said Mr Clues.

In May 2012 total seasonally adjusted building approvals rose by 25.1 per cent in NSW, 31.8 per cent in Victoria, 10.3 per cent in Queensland, 16.2 per cent in South Australia and 24.8 in Western Australia. In trend terms, total approvals rose by 21.5 per cent in the Northern Territory and by 27.5 per cent in the Australian Capital Territory. Tasmania was the only jurisdiction to experience a fall in approvals in May 2012, down by 12.1 per cent in seasonally adjusted terms.



For further information please contact:

Stuart Clues 0438 319 753

