



MEDIA RELEASE

New home approvals slide amid credit squeeze

“With housing finance increasingly difficult to access and home prices in Sydney and Melbourne continuing to decline, the flow of new homes being approved for construction continues to recede,” commented Diwa Hopkins, HIA Economist.

ABS data released today shows that a total of 17,070 homes (seasonally adjusted) were approved for construction in the month of October 2018, 1.5 per cent fewer than in the previous month and 13.2 per cent fewer than in October 2017. The monthly decline in total approvals was driven by multi-unit homes, which declined by 5.4 per cent, while detached house approvals increased by 1.7 per cent.

“While APRA’s restrictions were designed to curb high risk lending practices, ordinary home buyers are now also experiencing delays and constraints in accessing finance,” added Ms Hopkins.

“A credit squeeze has emerged in the latter of half 2018 and this is playing a major role in slowing the flow of new home building work entering the pipeline.

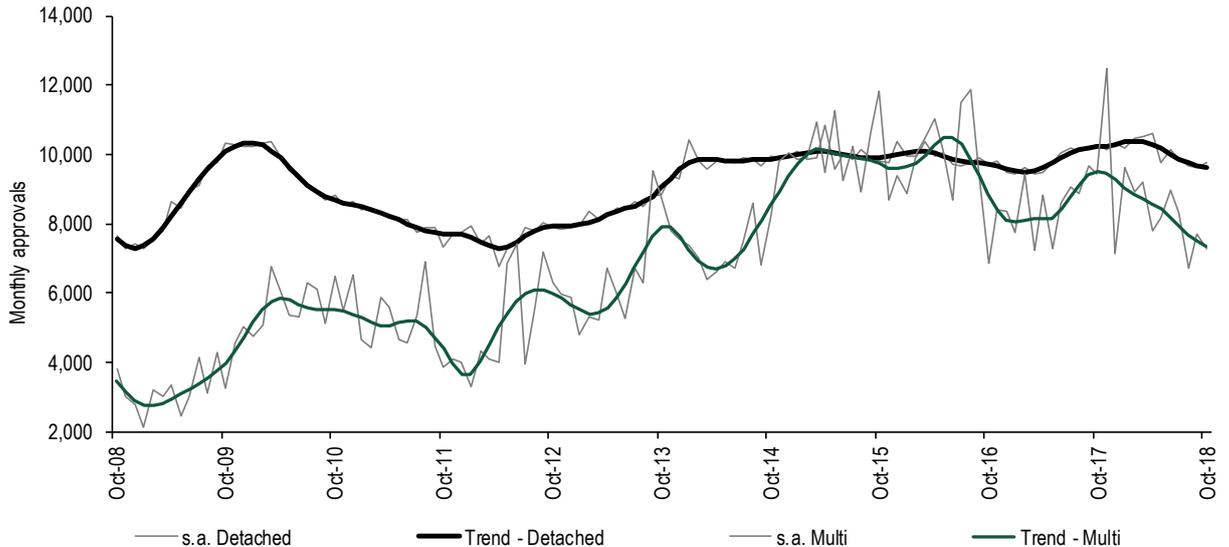
“Households who are seeking to buy new homes are often not receiving sufficient finance, while for those who do receive adequate financing, it now takes much longer to reach that milestone.

“A downturn in new home building has long been anticipated. The current credit squeeze however risks the pace and magnitude of the decline developing into something faster and greater than expected. This would result in a greater drag on the wider economy,” concluded Ms Hopkins.

Total seasonally adjusted dwelling approvals in October 2018 fell in South Australia (-17.0 per cent), Tasmania (-3.0 per cent), Victoria (-2.6 per cent), Queensland (-1.1 per cent), New South Wales (-0.5 per cent) and Western Australia (-0.1 per cent). In trend terms, total dwelling approvals in October fell by 12.5 per cent in the Northern Territory and increased by 0.8 per cent in the Australian Capital Territory.

Building Approvals - Australia

Source: 8731



For further information please contact:

Diwa Hopkins, Economist	0431 509 539
Geordan Murray, Acting Principal Economist	0438 103 651

