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MEDIA RELEASE

## Slowdown in Home Building Spreads to Rest of the Economy

“The slowdown in housing activity continued in April with a 0.6 per cent fall in building approvals,” stated HIA’s Chief Economist, Tim Reardon.

The Australian Bureau of Statistics today released its monthly building approvals data covering all states and territories.

“Home building has been cooling since late 2017 and the downturn in activity has accelerated in the second half of 2018. Approvals for new homes in the three months to April 2019 were 20.5 per cent lower than in the same period the year before,” added Mr Reardon.

“The downturn in building activity is now evident in other economic data including today’s data on capital expenditure. CAPEX fell 1.6 per cent in the March 2019 quarter due to significant falls in expenditure on new buildings.

“With the slowdown in home building accelerating in the first half of 2019, it is likely to weigh on economic growth in next week’s national accounts data.

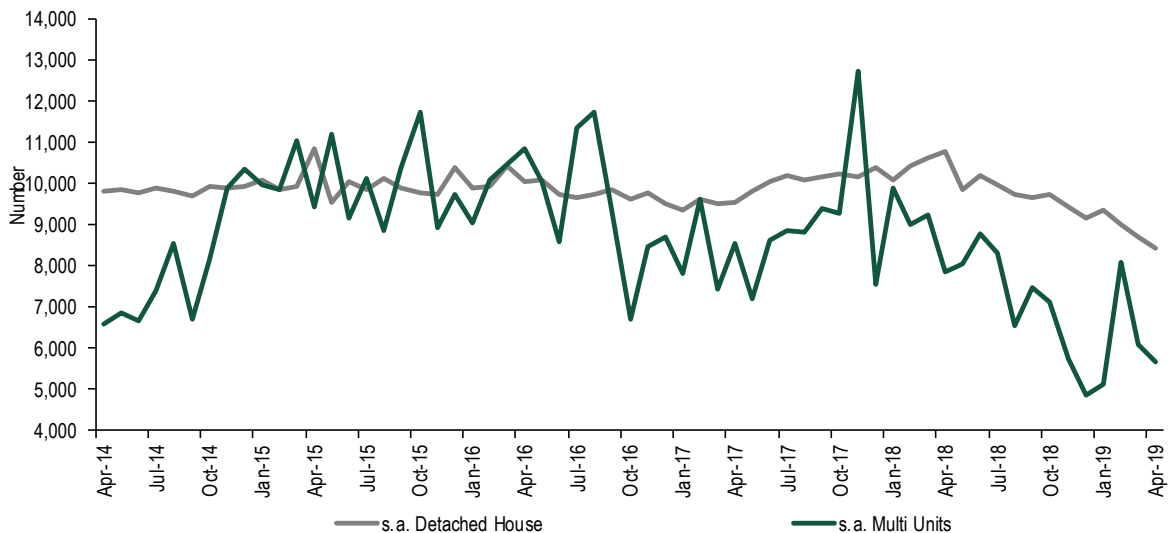
“The fall in approvals in April were most likely influenced by low levels of consumer confidence during the Federal Election however, the end of the election alone will not be sufficient to bring stability back into the housing market.

“An easing of the credit squeeze is necessary to alleviate the adverse impact of the housing downturn on the wider economy,” concluded Mr Reardon.

Seasonally adjusted building approvals in April 2019 were up by 4.8 per cent in New South Wales, 11.3 per cent in Queensland and by 7.7 per cent in the Australian Capital Territory. All other states recorded a decline in approvals during the month, the largest of which was by 19.1 per cent in Tasmania followed by a 16.1 per cent fall in Victoria. Western Australia fell by 6.7 per cent and South Australia and the Northern Territory both experienced moderate declines of 3.3 per cent and 2.0 per cent respectively.

Building Approvals - Australia

Source: 8731



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