

MEDIA RELEASE



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Building Approvals Data Begins to Reflect COVID-19 Shock

“Building approvals in May fell by 16.4 per cent nationally as the impact of COVID-19 restrictions impeded the flow of new building projects to be undertaken”, stated HIA Economist Angela Lillicrap.

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

“The decline in approvals in May was widespread with all states experiencing a contraction in approvals. This is the first ABS housing data that reflects the impact of COVID-19 on home building, added Ms Lillicrap.

““The decline in approvals in May is only the start of the COVID-19 shock in home building. We anticipate building approvals data will continue to decline for a number of months, due to the lag in the approvals process.

“The economic uncertainty in the months prior to May are a significant factor leading to the decline in approvals in May. HIA new home sales in the preceding months fell dramatically. In addition, slower processing times due to staffing constraints within councils may also have played a role.

“This decline in approvals would typically impact work on the ground in the second half of the year.

“HomeBuilder and an easing of restrictions should assist in bringing consumers who delayed their purchasing decisions back to the market and minimise the adverse impact of the COVID-19 shock on employment in the sector, but this will not be reflected in ABS data for some months.

“Detached house approvals fell by only 4.1 per cent in the month. We expect this is just the start of the decline in approvals.

“Multi-unit approvals fell by 34.5 per cent to an 8-year low. This sector faces very difficult market conditions due to the decline in student numbers and halt in migration. In addition, HomeBuilder is unlikely to have a significant impact on this part of the market,” concluded Ms Lillicrap.

In seasonally adjusted terms, building approvals for May 2020 quarter declined in Tasmania (-23.3 per cent), Victoria (-14.3 per cent), New South Wales (-11.3 per cent), South Australia (-9.3 per cent), Western Australia (-8.9 per cent) and Queensland (-7.4 per cent).

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