

MEDIA RELEASE



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Detached Building Approvals Reach 20 Year High in October

“ABS Building Approvals data for October continues to show the positive impact of HomeBuilder on the detached house market with the highest number of approvals since early 2000,” stated HIA Economist, Angela Lillicrap.

“HomeBuilder was the catalyst for improving consumer confidence in the housing market. The strength of building approvals is due to several factors including low interest rates and changes in consumer preferences,” added Ms Lillicrap.

“HIA New Home Sales data suggests that detached house building approvals will continue to be strong over the coming months. The extension of HomeBuilder will see these strong results carry on well into 2021.

“Detached house approvals increased by 18.6 per cent in the three months to October 2020 compared to the preceding three months and are 23.2 per cent higher than the same time last year.

“This improvement was broad-based and can be seen to varying extents across all jurisdictions except for the ACT.

“Western Australia has seen the largest improvement in the last three months with detached housing approvals 62.8 per cent higher than the same time last year. This is due to the pent up demand for new housing in the state, as well as other state government stimulus measures.

“Queensland and the Northern Territory have also experienced strong increases in detached housing approvals, up by 33.0 per cent and 30.6 per cent respectively, on the preceding three months.”

There is a divergence between the conditions facing detached house builders and apartment builders.

“Multi-unit approvals remain 12.5 per cent lower than the same time last year.

“The small number of multi-unit projects that gained approval in October are likely to have commenced the planning and building approval process years ago. These are not a good indicator of prospective commencements in this part of the market.

“Slower population growth, particularly in Sydney and Melbourne, and an increased preference for detached houses, will likely see demand for apartments constrained going into 2021,” concluded Ms Lillicrap.

In seasonally adjusted terms, the number of detached dwelling approvals during the three months to October 2020 compared to the same time last year, increased the most in Western Australia (+62.8 per cent). They also increased in Victoria (+22.6 per cent), Queensland (+18.1 per cent), New South Wales (+18.0 per cent), South Australia (+9.9 per cent) and Tasmania (+9.8 per cent). In original terms, they improved in the Northern Territory (+76.3 per cent) and declined in the ACT (-33.4 per cent).

The number of multi-unit approvals declined in Tasmania (-84.0 per cent), South Australia (-55.1 per cent), Queensland (-18.2 per cent), New South Wales (-14.8 per cent) and Western Australia (-8.1 per cent). They increased in Victoria (+7.3 per cent). They declined in original terms in the ACT (-43.5 per cent) and increased in the NT (+51.9 per cent).

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