

MEDIA RELEASE



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Home Building Approval Downturn Exacerbated by Lockdown

“Residential building approvals fell by a further 4.9 per cent in June as the impact of COVID-19 restrictions continued to weigh on the sector,” stated HIA Senior Economist Geordan Murray.

“The cumulative decline in new home approvals over the last two years is significant.

“The COVID-19 shock has occurred on top of a well advanced cyclical downturn in home building activity that began back in 2018. Dwelling approvals during 2019 had already declined by 17.3 per cent compared to 2018.

“Since February this year, monthly dwelling approval have fallen a further 22.9 per cent.

“Detached house approvals dropped by 5.8 per cent in June, which took the number of new houses approved to the lowest level since 2013. Multi-unit dwelling approvals also declined, the 3.1 per cent decline in June took multi-unit dwelling approvals to the lowest level since 2012.

“The HomeBuilder program was announced in early June but it is still too early to see an impact in the approvals data. HIA anticipate building approvals data will continue to fall for a number of months, before HomeBuilder halts the decline.

“HIA’s New Home Sales Survey showed an immediate lift in sales during June and early signs suggest July was another strong month for sales.

“Progressing a building project to the point where the building plans are approved takes time. The lift in sales following the announcement of HomeBuilder will become evident in approvals data later in the year,” concluded Mr Murray.

In seasonally adjusted terms, the number of dwelling approvals during June 2020 declined in all states. New South Wales declined by 14.8 per cent, Western Australia dropped by 11.7 per cent, Queensland declined by 10.9 per cent, Tasmania declined by 10.8 per cent, South Australia declined by 4.6 per cent, and approvals in Victoria declined by a modest 0.2 per cent. Seasonally adjusted figures are not produced for the smaller jurisdictions although it is worth noting that June was a relatively strong month for multi-unit approvals in both the ACT and the Northern Territory.

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