

MEDIA RELEASE



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Detached Building Approvals Reach Record High

“ABS Building Approvals data for detached houses rose for the sixth consecutive month in December, to reach the largest number of approvals since the series began in 1983,” stated HIA Economist, Angela Lillicrap.

“Detached house approvals increased in the December 2020 quarter to be 43.7 per cent higher than at the same time the previous year. Detached approvals finished 13.9 per cent higher for the 2020 calendar year than in 2019.

“This is an exceptional result given the nature of the pandemic and the effect that it has had on the broader economy.

“The surge in the number of building approvals has continued each month since the announcement of HomeBuilder in June.

“Building approvals data lags behind other leading indicators including new home sales and housing finance data, both of which set new records in December. With this in mind, it is likely that we have not yet seen the peak of detached home building approvals.

“This volume of work will ensure ongoing employment growth in the sector through 2021.

“Multi-unit approvals increased by 14.4 per cent in the December 2020 quarter compared to the preceding quarter but are 12.6 per cent lower than the same time last year. Multi-unit approvals finished the year 8.6 per cent lower than in 2019.

“This relatively strong level of approvals for multi-units is not an indication of the volume of commencements to occur in 2021, as they likely began the planning and approval process prior to COVID.

“There is a divergence in the conditions facing detached builders versus apartment builders.

“Not only does the apartment market face headwinds from a lack of population growth and a preference for detached houses, yesterday’s regional migration data shows a shift away from metropolitan Sydney and Melbourne.

“The apartment market is also likely to be constrained until overseas migration returns,” concluded Ms Lillicrap.

In seasonally adjusted terms, the number of detached dwelling approvals during the December 2020 quarter compared to the same time last year, saw the largest increase in Western Australia (+111.0 per cent). They also increased in Tasmania (+51.9 per cent), Queensland (+51.2 per cent), New South Wales (+30.9 per cent), South Australia (+29.7 per cent), and Victoria (+28.3 per cent). In original terms, they improved in the Northern Territory (+94.7 per cent) and the ACT (+0.6 per cent).

The number of multi-unit approvals declined in Tasmania (-81.8 per cent), Victoria (-47.2 per cent) and South Australia (-44.4 per cent). They increased in Western Australia (+73.8 per cent), New South Wales (+15.3 per cent) and Queensland (+5.7 per cent). They declined in original terms in the NT (-36.4 per cent) and increased in the ACT (+9.6 per cent).

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