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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

Building Approvals Stumble into 2016

ABS figures show that new home building approvals faltered during the first month of 2016, said the Housing Industry Association (HIA), the voice of Australia's residential building industry.

"January 2016 was a rather weak month for new home building approvals, with both detached house approvals and those for multi-units falling back compared with December," noted HIA Senior Economist Shane Garrett.

During January 2016, new home building approvals declined by 7.5 per cent. This comprised a 6.1 per cent drop in detached house approvals and a reduction of some 9.1 per cent in multi-unit approvals. Over the past year, approvals totalled some 231,752 which is 10.6 per cent higher than the previous 12 month period and still very strong by historical standards.

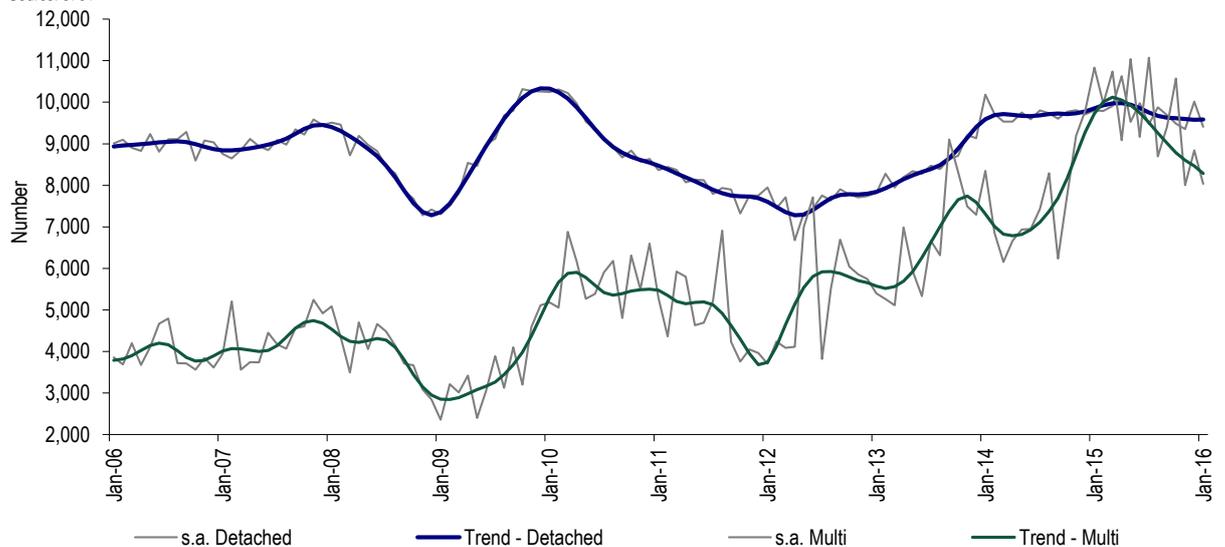
"Towards the end of 2015, the residential building industry was hit by a number of unfavourable developments. The major banks increased their mortgage interest rates, credit conditions were tightened for domestic investors and the \$5,000 foreign investor fee came into force. This has made it more difficult to deliver new housing supply and today's figures seem to bear this out," Shane Garrett pointed out.

"The HIA's *Housing Australia's Future* report warned last week of the major challenges in meeting Australia's housing needs over the coming decades. It is therefore vital that policy settings and credit conditions become more focused on the consistent delivery of the required volume of new housing supply over the long term. We're just not seeing this at the moment," concluded Shane Garrett.

During January 2016, total seasonally adjusted new home building approvals saw the largest increase in South Australia (+14.2 per cent), followed by Western Australia (+7.2 per cent) and Victoria (+2.9 per cent). The volume of approvals fell in New South Wales (-22.9 per cent), Queensland (-13.4 per cent) and Tasmania (-11.1 per cent). In trend terms, approvals saw a 9.4 per cent decline in the Northern Territory and contracted by 11.4 per cent in the Australian Capital Territory.

Building Approvals - Australia

Source: 8731



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