

## Strong Unit Sector Boosts Building Approvals

The Housing Industry Association, Australia's largest building industry organisation, said that building approvals grew by 5.9 per cent in November 2009 in a positive sign that the new home building recovery is underway.

HIA Senior Economist, Mr Ben Phillips said that growth in building approvals was led by a strong recovery in the 'Other Dwellings' or units sector, which grew by a seasonally adjusted 31.8 per cent.

"It is encouraging to see signs of a new home building recovery beyond detached houses. The recovery in the unit market was felt across the board in November, although looking through the inevitable month to month volatility, the core strengthening is coming from low density projects," said Ben Phillips.

"The federal government's social housing stimulus package is boosting the low-rise units segment but we have yet to see evidence of a sustained recovery in the medium/high density end of the market," said Ben Phillips.

Approvals for detached housing dropped back by 1.9 per cent in November, however, remains nearly one third higher than 12 months ago.

"The strong headline result for November approvals is a positive for the industry and supports HIA's long held forecast for reasonable growth in housing starts in 2010. HIA remains concerned, however, that the magnitude of the much anticipated recovery will be muted by the prospect of higher interest rates, the removal of the first home buyers boost and the ever-present supply side obstacles such as inequitable taxation of new housing and re-emerging land and labour shortages.

"In the meantime an acute shortage of new housing stock will persist, generating undue pressure on rents and on existing home values," said Ben Phillips.

Building approvals increased in four states and both territories but fell in two states in November.

The number of seasonally adjusted residential dwelling approvals increased in November by 6 per cent in New South Wales, 10.2 per cent in Victoria, 12.4 per cent in Queensland, and 1.6 per cent in South Australia. Approvals fell by 10.3 per cent in Western Australia and by 20.1 per cent in Tasmania. The trend number of approvals increased by 5.5 per cent in the Northern Territory and by 7.8 per cent in the Australian Capital Territory.

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### Building Approvals - Australia

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