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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

Welcome rebound in building approvals in May

Building approvals rose strongly in May 2012, in a rare piece of positive news for the new home building sector, said the Housing Industry Association, the voice of Australia's residential building industry.

"Building approvals were up by a sizeable 27.3 per cent in May 2012. This result provides some hope of an improved new home building outlook emerging in time and delivers preliminary evidence that recent interest rate cuts may be starting to have an impact," said HIA Senior Economist, Andrew Harvey.

"However, we need to keep in mind that the result comes off a very low base in April and is driven by the highly volatile multi-unit part of the market. The level of approvals in the core segment of detached housing remains well below the levels recorded one year ago," said Andrew Harvey.

"Key factors behind the strong May result include a partial rebound in Western Australia which saw approvals up by 24.8 per cent in May after a 47.2 per cent fall in April, along with a similar rebound in South Australia. There is also a "bring forward" effect in both Victoria and NSW where buyers have rushed into the housing market to secure state government home buyer incentives before they end on 30 June 2012," said HIA Senior Economist, Andrew Harvey.

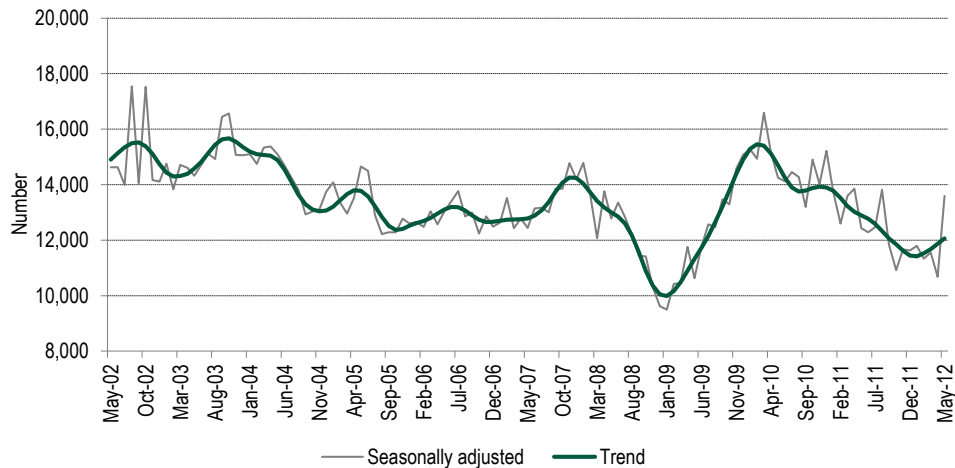
Multi-unit approvals rose by 58.3 per cent in May 2012 to be up by 41.5 per cent on May 2011, while detached housing approvals were up by 9.0 per cent in May 2012, but down by 8.5 per cent when compared to May 2011. The May result follows a 7.6 per cent fall in total approvals in April to their lowest level since May 2009.

"Leading indicators of housing activity over recent quarters have simply been appalling, so today's positive building approvals result is welcome news which comes at a time when many builders, manufacturers and suppliers in the residential building industry continue to face very challenging conditions," said Mr Harvey.

In May 2012 total seasonally adjusted building approvals rose by 25.1 per cent in NSW, 31.8 per cent in Victoria, 10.3 per cent in Queensland, and 16.2 per cent in Western Australia. In trend terms, total approvals rose by 21.5 per cent in the Northern Territory and by 27.5 per cent in the Australian Capital Territory. Tasmania was the only jurisdiction to experience a fall in approvals in May 2012, down by 12.1 per cent in seasonally adjusted terms.

Monthly Building Approvals - Australia

Source: ABS 8731



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