

South Australian building approvals overlooked in East Coast heat

A fall in new South Australian home building is only being partly offset by new units and apartments – but the softening of the local market is likely to be swamped by East Coast heat when the State Government needs to focus on local issues, Master Builders SA says.

Data released today by the Australian Bureau of Statistics shows a 2 per cent drop in South Australian new private sector home approvals in February 2017, the 587 homes part of a 17 per cent fall from the same time last year and forming part of a 4 per cent slowing in the market compared to average approvals recorded over the past 10 years.

This has been partly offset by the growth of non-house approvals including units and apartments, which have grown 3 per cent compared to 10-year averages.

While the value of total approvals without allowing for inflation sits at \$5.3 billion for the past 12 months – about 18 per cent above 10-year averages – Chief Executive Officer Ian Markos said it was time to focus on what could be done to help a rapidly-tightening sector.

“The value of approvals may be sitting 18 per cent higher than 10-year averages, but builders have faced an environment where costs have grown in excess of 25 per cent. So the so-called growth is on the back of productivity and absorbing costs including rising red and green tape – in reality, it’s harder,” he said.

“When we have a country calling for improved housing affordability, we must face the fact that South Australia is losing its competitive advantage in this regard and the sector has little, if any, room to improve it. It’s over to the State Government – let’s commit to real changes including deferring some green tape to improve the ability of people to invest today.”

The data also sends a clear warning signal to national policy-makers: the East Coast heat may be real, but so is the pain of the rest of the country.

“East Coast markets are reporting approvals 17 per cent and higher when compared with 10-year averages, but Queensland appears to be slowing,” Mr Markos said.

“South Australia is relatively flat, but the outlook is for a slowing market. We need to act now – we shouldn’t have to wait for an election to call for attention to the jobs people are concerned about today.”

Ends

For further information

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Available for interviews

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A slowing of the South Australian building and construction sector is being led by slowing housing approvals:

NUMBER OF SOUTH AUSTRALIAN BUILDING APPROVALS

TREND (dwelling units)	By month				By year			
	This month	Last month	This month last year	Past 12 months	Previous 12 months	Ten year annual average		
New Houses - Private	587	597 (2%)	706 (17%)	7,834.0	7,889.0 (1%)	8,132.1 (4%)		
All Dwelling Units - Private	847	848 (0%)	1050 (19%)	11,164.0	11,284.0 (1%)	10,845.1	3%	
New Houses - All Sectors	607	614 (1%)	718 (15%)	8,030.0	8,023.0 0%	8,547.0 (6%)		
All Dwelling Units - All Sectors	880	875 1%	1071 (18%)	11,439.0	11,485.0 (0%)	11,394.7	0%	

Source: Australian Bureau of Statistics, Building Approvals, Trend, February 2017. Cat: 8731.0, Table 4.

While the value of those approvals is falling behind rising inflation (compound rate over 10 years about 27 per cent):

VALUE OF SOUTH AUSTRALIAN BUILDING APPROVALS

TREND (\$m, not adjusted for inflation)	By month				By year			
	This month	Last month	This month last year	Past 12 months	Previous 12 months	Ten year annual average		
Residential - New	\$ 169.7	\$ 187.1 (9%)	\$ 200.8 (15%)	\$ 2,668.1	\$ 2,592.8 3%	\$ 2,305.7	16%	
Residential - Alterations, Additions	\$ 29.9	\$ 26.2 14%	\$ 31.1 (4%)	\$ 394.4	\$ 380.1 4%	\$ 379.0	4%	
Residential - Total Work	\$ 199.6	\$ 213.3 (6%)	\$ 231.9 (14%)	\$ 3,062.5	\$ 2,972.9 3%	\$ 2,684.8	14%	
Non Residential - Total Work	\$ 148.8	\$ 90.1 65%	\$ 199.4 (25%)	\$ 2,187.1	\$ 2,043.4 7%	\$ 2,210.0 (1%)		
Total Building Approvals	\$ 452.3	\$ 446.2 1%	\$ 458.1 (1%)	\$ 5,293.2	\$ 4,933.8 7%	\$ 4,483.7	18%	

Source: Australian Bureau of Statistics, Building Approvals, Trend, February 2017. Cat: 8731.0, Table 33.

While the industry looks towards a slowing pipeline of activity:

DWELLING UNITS APPROVED (Private and public)

TREND (number)	By month				By year			
	This month	Last month	This month last year	Past 12 months	Previous 12 months	Ten year annual average		
NSW	5635	5498 2%	6061 (7%)	73,965	71,049 4%	54,898	35%	
VIC	5856	5774 1%	5622 4%	68,205	67,892 0%	54,898	24%	
QLD	3036	3057 (1%)	4438 (32%)	44,287	50,649 (13%)	37,732	17%	
SA	880	875 1%	1071 (18%)	11,439	11,485 (0%)	11,395	0%	
WA	1692	1696 (0%)	1981 (15%)	20,980	27,822 (25%)	24,433 (14%)		
TAS	177	176 1%	200 (12%)	2,085	2,721 (23%)	2,640 (21%)		
NT	67	77 (13%)	120 (44%)	1,228	1,671 (27%)	1,397 (12%)		
ACT	295	350 (16%)	447 (34%)	5,698	4,692 21%	4,068	40%	

Source: Australian Bureau of Statistics, Building Approvals, Trend, February 2017. Cat: 8731.0, Table 7.