

Building approvals hit five-month high but remain too low

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A temporary pause in interest rate hikes has seen October building approvals rise to five-month highs but year to date figures remain at their lowest levels since 2013.

Master Builders Australia CEO Denita Wawn cautioned, with interest rate rises back on the move and a damaging industrial relations Bill before Parliament, positive gains could be quickly eroded.

Providing analysis on the monthly data, chief economist Shane Garrett said the total number of new home building approvals rose to 14,223 in seasonally-adjusted terms during October.

"This was 7.5 per cent up on the previous month and represents the highest result since May.

"October's solid gain came in the wake of the four-month pause in RBA interest rate hikes.

"During October, there was a particularly large increase in the volume of higher density home building approvals (+19.5 per cent).

"This is important because the rental market is currently in desperate need of more medium and high-density homes.

"The shortage of rental accommodation recently drove rental price inflation to its fastest pace in almost 15 years.

"Delivering more increases in higher density housing output will help to further dilute rental market pressures.

"New detached house approvals saw modest growth of +2.2 per cent during October.

"However, activity on the detached housing side of the market remains at a low ebb due to development-ready land shortages and the detrimental effect of interest increases," Mr Garrett said.

Ms Wawn added: "Over the year to date, only 166,236 homes have been approved, well short of the 200,000 homes required."

"Achieving the 1.2 million new homes in five years as envisaged under the Housing Accord will be a huge challenge.

"This is in addition to the existing challenge of reducing the cost and time it takes to build.

"Unless we make concerted efforts to quickly boost housing supply and reduce the cost of building new homes, we will continue to see the housing and rental crisis worsen.



"While some states and territories are making strides at the planning level, the Federal Government is adding extra cost layers to building through their new IR laws, undermining the efforts of housing ministers.

"This week we saw the Albanese Government and the Greens brush off the housing crisis and pass damaging reforms that threaten the rights of independent contractors, subcontractors and self-employed tradies to be their own boss.

"It's now up to the Senate to allow common sense to prevail and stop this Bill," Ms Wawn said.

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