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## Detached House Approvals Up Off Low Base – Apartment Approvals Tumble

Statistics released today by the Australian Bureau of Statistics (ABS) show a dramatic drop in approvals for apartments and other attached housing stock, presenting a major cause for concern for the stability of the Australian housing market. UDIA NSW Chief Executive Stephen Albin said that, “policy makers should be very concerned by today’s results. At a time when demand pressures are starting to increase, we are seeing a dramatic drop off in approvals for new apartments. There is a real concern that without new housing stock coming to market we will start to see a dramatic rise in house prices in the near term.”

Figures released today by the ABS show that approvals for other dwellings, which include semi-detached and attached houses, are down by 36% over the last twelve months. Approvals for detached dwellings rose 10.3% over the same period.

Stephen Albin said that, “what these results tell us is that the development pipeline for bringing new housing to the market is rapidly diminishing at a time when the economy is improving and people are starting to feel more confident about buying a new home. The major issue is that developers are struggling to secure finance to start new projects.”

Stephen Albin said that the lack of available finance for new projects was hitting the apartment market particularly hard. “Lending conditions for developers to start new apartment projects have been practically prohibitive. The extremely low loan to value ratios and requirement for high volumes of pre-sales has made securing finance for new apartment projects practically impossible for the majority of developers.”

“If we don’t see a dramatic turn-around in the approach to lending for new apartment projects, the only way for housing prices is up. It’s a real concern.”

Stephen Albin said that, “the Australian housing market remains solidly underpinned by strong underlying demand and a significant improvement to housing affordability over the last nine months. The banks are lumping lending for residential projects in the same basket as other property assets, like commercial and industrial, which aren’t as solidly underpinned by the supply demand fundamentals.”

“There is a real opportunity for the banks to capitalise on the opportunity that the housing market is presenting. Strong demand and a lack of available supply are combining to support investment in residential projects, developers just need to get access to credit to get moving.”

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