

Economic Analysis

Dwelling approvals bounced a seasonally adjusted 10.4% in July, against the market expectations of a more moderate 2.8% rise. This followed a 6.4% decline in June (revised from -6.5%).

The trend growth estimate, which looks through the monthly volatility, remained unchanged at 2.1%.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	10.4	14.3
Private Dwellings	10.1	14.1
- Houses	0.6	13.1
- Dwellings Ex Houses	32.1	15.9

Headline growth was driven by the volatile multi-dwelling approvals, which bounced 32.1%, following a 20.1% drop in the previous month. Despite the July jump, multi-dwelling approvals remained at depressed levels.

Private sector house approvals rose by just 0.6% in July, after an even more meagre gain of 0.3% in the previous month.

In trend terms, private sector house approvals rose by 1.2% in July (against 1.1% in the previous month), while apartment building consents rose at an unchanged pace of 3.9%.

States

Dwelling permits rose in all states except for Queensland, which saw a 5.0% decline. Trend growth in building approvals was positive in all states except Tasmania.

Western Australian dwelling approvals rose by 1.9% in July, to be up by 67.9% through the year, by far the most of all states.

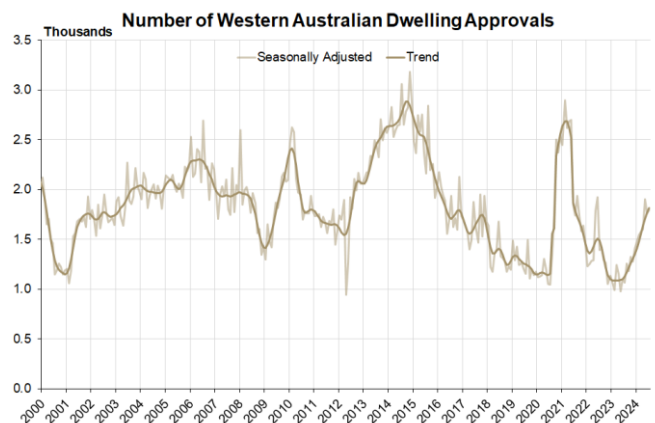
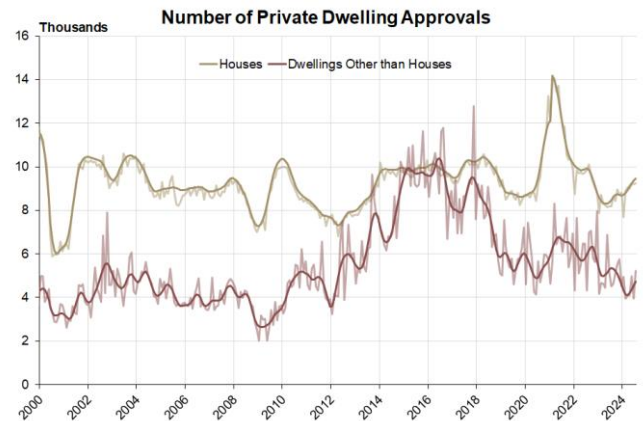
Seasonally Adjusted (%)	MoM	YoY
Western Australia	1.9	67.9
New South Wales	25.2	11.3
Victoria	20.1	16.4
Queensland	-5.0	6.7
South Australia	9.9	18.2
Tasmania	8.0	-23.8

Private sector house approvals were mixed across the states. Victoria and Queensland saw declines of 1.7% and 5.2%, respectively.

Other states, including Western Australia, registered increases in private sector house building consents, with New South Wales seeing the strongest gain of 8.5%. However, New South Wales was the only state where trend growth in private sector house approvals remained negative.

Private sector house approvals rose by 4.7% in Western Australia. Trend approvals also continued to climb, to be the highest since mid-2021.

Dwelling Approvals July 2024



Comment

Dwelling approvals bounced back in July thanks to recovery in the volatile unit approvals. However, private sector house approvals also continued to climb at a moderate pace, with trend growth now the highest since late 2022.

Dwelling approvals have been strongest in Western Australia, where they have been on a decisive upward trend since the middle of 2023.

That said, the housing construction sector remains troubled by persisting material and labour supply shortages. Housing supply growth remains too slow compared to the rise in population. This situation results in ongoing rises in house price growth.

According to CoreLogic, home prices rose by another 0.5% across the capital cities in August, to be up 7.1% through the year. However, some divergence between individual capital cities is becoming apparent. Home prices rose by 0.3% in Sydney and declined by another 0.2% in Melbourne, while less populous capital cities saw more solid gains. Perth home prices rose by 2.0% in August, with the median price (\$785k) surpassing Melbourne (\$776k) and being close to Adelaide (A\$791k).

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