

# Dwelling Approvals January 2025

Dwelling approvals bounced a seasonally adjusted 6.3% in January, against market expectations of no change. This followed an upwardly revised gain of 1.7% in December (originally 0.7%).

The annual rate of growth accelerated to 21.7%, the strongest since August 2021.

Trend growth in dwelling approvals, which looks through the monthly volatility, was -1.1% MoM, but 13.8% YoY.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	6.3	21.7
Private Dwellings	5.9	21.3
- Houses	1.1	8.9
- Dwellings Ex Houses	12.7	41.6

The rise in dwelling approvals in seasonally adjusted terms was broad-based, with a 1.1% gain in private sector house approvals and a 12.7% surge in the often-volatile private sector dwelling approvals excluding houses.

At the same time, trend of private sector house and other dwelling approvals was negative at -0.8% and -1.1%, respectively.

## States

Total dwelling permits were mixed across the states, with declines in Victoria, Queensland, and Tasmania, and gains in the remainder of the states.

The strongest increase of 39.6% was recorded in New South Wales, amid a surge in the volatile apartment building approvals.

Queensland saw the largest drop in dwelling approvals in January, dragged down by a plunge in apartment approvals after a strong gain in the previous month.

Western Australian dwelling approvals rose by 5.6% MoM and 20.2% YoY.

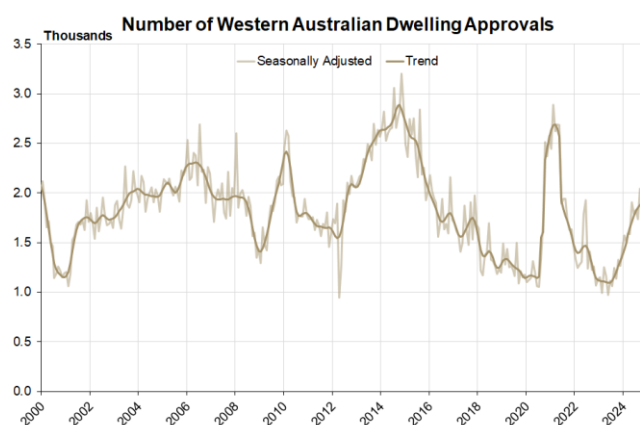
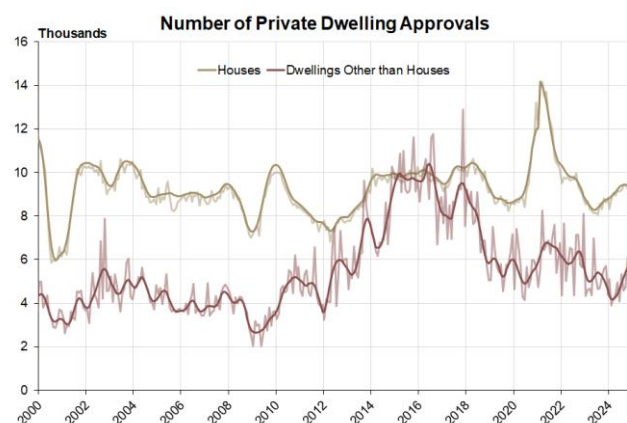
Trend growth in approvals was negative in all states except New South Wales and South Australia, though in case of Western Australia the decline was marginal (-0.1%).

Seasonally Adjusted (%)	MoM	YoY
Western Australia	5.6	20.2
New South Wales	39.6	85.7
Victoria	-1.5	14.8
Queensland	-25.7	-29.1
South Australia	17.0	66.8
Tasmania	-6.3	-26.8

Private sector house approvals picked up in the less populous states, but declined in New South Wales (-0.8%), and Victoria (-1.2%).

The strongest increase in private sector approvals was recorded in Queensland (+4.6%). Western Australia saw a 3.3% gain in January.

Despite the gains in seasonally adjusted terms, trend growth in private house approvals remained negative in all states except for South Australia. Western Australian trend approvals declined by 0.9% in January.



## Comment

The January dwelling approvals report was again mixed. Despite the improvement in consents in seasonally adjusted terms, trend growth was negative.

While 175k dwellings were approved across Australia over the year to January, it is still estimated to be less than half the number required given the increase in population.

Signs of elevated demand for housing have resurfaced across Australia following the recent rate cut from the RBA. According to the [CoreLogic home value report](#), home prices resumed climbing in February, with a 0.3% gain in the five major capital cities and nationwide. Prices were growing again in Sydney (+0.3%) and Melbourne. (+0.4%). Home price growth in Perth slowed 0.1ppts to 0.3%, but was up 14.3% through the year, the most of all the capital cities.

The Productivity Commission recently issued a [report](#) on housing construction productivity, showing that it has declined over the past three decades, even if adjusted for higher quality. Complex and slow approvals are listed as major factors behind this decline, along with low market concentration in housing construction in Australia and persistent workforce issues. The report calls for a review of building regulations and incentives for larger workforce mobility and flexibility in the sector.

**06 March 2025**