

Economic Analysis

Dwelling approvals dropped a seasonally adjusted 6.5% in June, against the market expectations of a 2.3% fall. This followed a slight upward revision to the May figures, to +5.7% from the originally estimated +5.5%.

The trend growth estimate, which looks through the monthly volatility, continued to climb (+1.1%).

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-6.5	-3.7
Private Dwellings	-7.2	-1.6
- Houses	-0.5	11.0
- Dwellings Ex Houses	-19.7	-22.1

The drop in dwelling approvals in June was driven by the volatile 'dwellings other than houses' category, which plunged by 19.7%. The decline in private sector house approvals was a less significant (-0.5%).

Despite a slight decline in the month, private sector house approvals were up 11.0% through the year and appear to have troughed.

States

Dwelling approvals fell in all mainland states except for Queensland, which saw a 14.6% gain. The largest fall was registered for New South Wales (-18.8%), while South Australia saw the smallest decline of 1.6%.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-8.5	58.9
New South Wales	-18.8	-15.4
Victoria	-13.5	-17.4
Queensland	14.6	6.0
South Australia	-1.6	1.7
Tasmania	8.8	-4.3

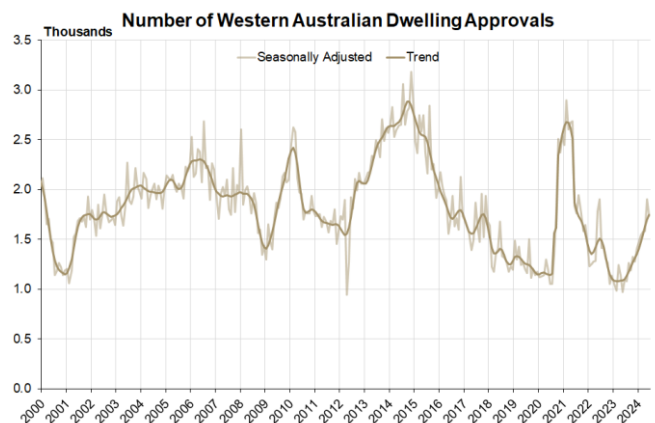
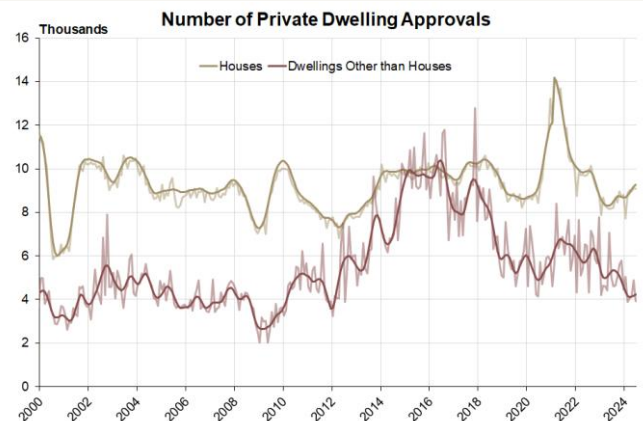
Private sector house approvals were mixed across the mainland states, with declines in New South Wales and Western Australia, and increases elsewhere.

New South Wales was the only mainland state not to register a positive trend growth rate in total or private sector dwelling approvals.

Despite an 8.5% fall in total dwelling approvals and a 5.1% decline in private sector house approvals in June, Western Australia remained on a clear upward path. Total dwelling approvals are up by 58.9% through the year, while private sector house approvals are 55.2% higher than a year ago.

In trend terms, Western Australian building consents rose by 3.1%, to be 58.8% up over year and the highest since July 2021.

Dwelling Approvals June 2024



Comment

Despite increasing evidence that private house approvals have bottomed out, we are not out of the woods yet.

In the entire financial year of 2023-24, only 163,000 projects were approved, which is the poorest result since 2011-12, as the housing construction sector remains troubled by persisting material and labour supply shortages.

The situation is particularly dire in the construction of dwellings other than houses. Building consents for this category fell back to an equal 12-year low in June, and signs of bottoming out are less clear here.

The story is a little different in Western Australia, where dwelling approvals have been on a decisive upward trend since the middle of 2023.

The persisting undersupply will continue to put further upward pressure on house prices and rents, evidence of which will be found in the updated CPI and CoreLogic home price data, to be released in the coming two days.

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