

## Economic Analysis

Dwelling approvals rose a seasonally adjusted 1.9% in March (exp.: 3.4%), following a 0.9% decline in February (revised from -1.9%), but were down 2.5% YoY.

The trend estimate, which looks through the monthly volatility, remained negative with a 1.1% fall.

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	1.9	-2.2
Private Dwellings	3.7	-1.5
- Houses	3.8	7.3
- Dwellings Ex Houses	3.6	-16.8

The rise in seasonally adjusted dwelling approvals was broad-based. Private multi-dwelling approvals (semi-detached and apartments) climbed 3.6%, after falling to a 12-year low in February but were still sharply down from a year earlier. Private sector house approvals rose 3.8%, to be up 7.3% YoY.

Trend growth in multi-dwellings remained heavily negative at 4.5%. However, the trend in private sector house approvals was mildly positive at 0.6%.

### States

Approvals rose in seasonally adjusted terms in Victoria and Western Australia but fell in the other states.

Western Australia continued to boast the strongest trend growth of 3.0%, with Tasmania and New South Wales also seeing positive trend growth. The trend remained negative across the other states.

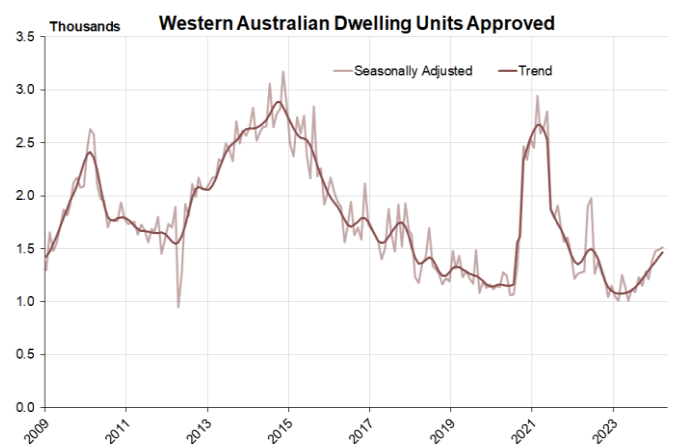
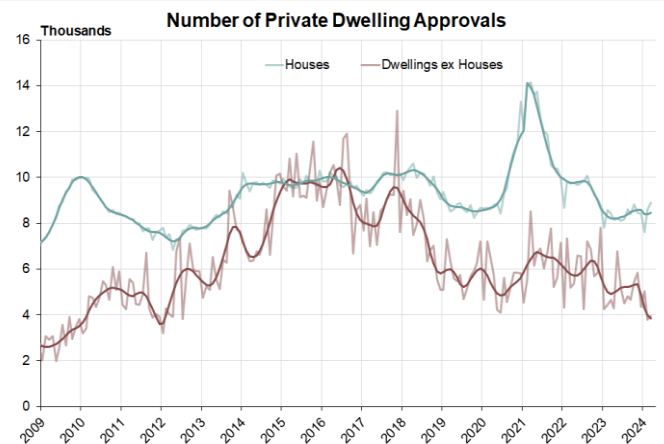
Seasonally Adjusted (%)	MoM	YoY
Western Australia	1.5	21.4
New South Wales	-1.2	4.1
Victoria	3.2	-0.3
Queensland	-5.2	-24.5
South Australia	-7.0	-3.1
Tasmania	-18.1	9.4

Seasonally adjusted private sector house approvals were up in all mainland states except for Western Australia, which had a 1.8% fall. However, this came after a 21.7% rise in February.

The seasonally adjusted increases in private sector house approvals were strongest in Victoria (6.0%) and New South Wales (4.0%).

The monthly trend growth rate in private sector house approvals was strongest in Western Australia (2.6%), with the trend also positive in Victoria and New South Wales. The trend remained negative in South Australia and Queensland.

## Dwelling Approvals March 2024



### Comment

While dwelling approvals saw a solid increase in March, the number of approvals remain around the lowest level in over a decade.

Even in Western Australia, where dwelling approvals are well off their lows and have been in an uptrend for over a year, the level of new dwelling permits remain below the long-term average.

The ongoing low level of new approvals is not good news for the outlook for the undersupplied Aussie housing market. This undersupply continues to put significant upward pressure on house prices and rents.

The CoreLogic home value report this week showed ongoing house price increases across most of the country, despite relatively high mortgage rates, while the CPI report, saw a further 2.1% increase in rents in Q1, to be up 7.8% YoY.

Unfortunately, with the building industry struggling to complete the large number of dwellings already under construction, there is no easy solution to the problem and the current undersupply of housing looks likely to be with us for some time.

2 MAY 2024

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