

Dwelling Approvals May 2026

Dwelling approvals fell by a seasonally adjusted 1.1% in May, against expectations of a flat result. This followed a 0.2% decline in April, which turned out to be less steep than the initially estimated 3.4%.

The annual rate of growth halved to 5.3%, which is the worst result since January.

Trend approvals fell for the first time since early 2025 (-0.5%), but remained up by 8.8% through the year (the weakest annual trend growth since September 2024).

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-1.1	5.3
Private Dwellings	-2.4	4.2
- Houses	2.8	13.2
- Dwellings Ex Houses	-10.4	-8.6

In contrast to the previous month, the fall in dwelling approvals was due to a 10.4% drop in dwellings other than houses, while private sector house approvals picked up by 2.8% after a slight decline in April (-0.4%, revised from -1.0%).

The situation was similar in trend terms, with private sector house approvals rising by 0.9% (the least since September 2025), while the pace of trend decline in dwellings other than houses deepened to 2.6%, unseen since February 2024.

States

Developments in dwelling approvals were mixed across the states, with gains in New South Wales (+2.2%), South Australia (+10.9%) and Tasmania (+4.8%), and declines in the other states.

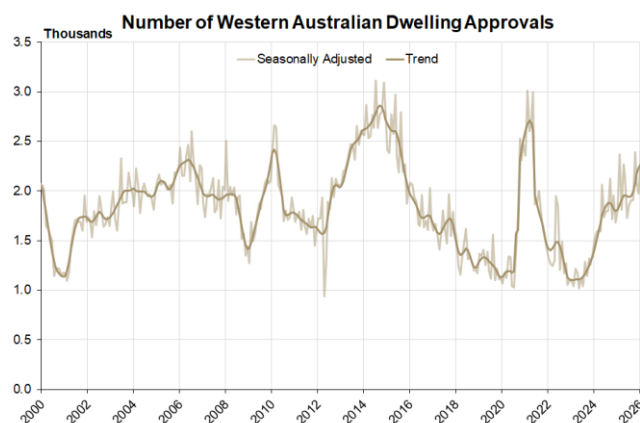
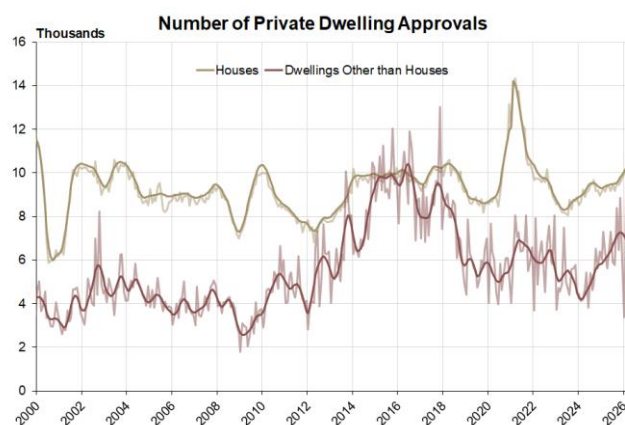
Trend growth rates were positive in all states except for Victoria and Queensland.

Western Australia was one of the states with positive trend growth in dwelling approvals (+0.6%), although a fall in multi-dwelling approvals drove a 1.3% decline in seasonally adjusted terms.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-1.3	-3.8
New South Wales	2.2	-7.5
Victoria	-3.0	4.3
Queensland	-8.8	18.8
South Australia	10.9	18.3
Tasmania	4.8	77.3

Private sector house approvals rose in all mainland states except for Queensland (-3.6%) and South Australia (-1.0%). Western Australia saw the strongest gain of 9.9%, while New South Wales and Victoria recorded increases of 7.8% and 2.2%, respectively.

Trend private sector house approvals picked up in most mainland states, with the largest increase in New South Wales (+1.8%), followed by Victoria (+1.0%). Western Australia recorded a 0.6% decline in May, but was up 13.5% through the year.



Comment

Following an upswing in dwelling approvals since 2024, the situation turned a bit more nuanced late last year and in the first months of 2026. Permits for dwellings other than houses are on a decline, but private sector house approvals continue their ascent, even if the progress is choppy month-to-month.

That said, the pace of dwelling approvals overall is well below that needed to achieve the target of 1.2 million new homes in the five years to mid-2029.

Recent months have seen a cooling in housing market conditions, sparked by renewed monetary policy tightening by the RBA and – more recently – by changes to negative gearing and capital gains tax rules.

The Cotality home value report for May released this morning, showed a 0.6% decline across the capital cities and 0.4% nationwide. The decline was again driven by Sydney (-1.2%) and Melbourne (-1.0%), but home prices stagnated in Adelaide, and the pace of growth slowed in the other capital cities and in the regions.

Perth again saw the strongest gain of 0.7%, but this is still much less than the 1.5% recorded in April and the above-2% results in previous months. The Annual growth rate was still steep, at 23.9%, with the median home value climbing to A\$1,047k.

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