

# Dwelling Approvals May 2025

Dwelling approvals rose a seasonally adjusted 3.2% in May (mkt exp +4.0%), following a revised 4.1% fall in April (originally -5.7%).

Annual growth eased to 6.5% YoY, from 8.0% in April.

Monthly trend growth, which looks through the volatility and is a better indicator of the underlying pulse, improved slightly but remained negative, at -0.2% from -0.4% in April.

Annual trend growth was 9.8% YoY.

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	3.2	6.5
Private Dwellings	4.3	6.4
- Houses	0.5	3.4
- Dwellings Ex Houses	11.3	11.9

The increase in approvals in May was driven by an 11.3% rebound in multi-dwelling approvals, following back-to-back double digit falls in March and April.

Trend multi-dwelling approvals have fallen for four months in a row, although the monthly pace of decline eased to -1.2% from -1.7% in April.

Private sector house approvals, which are more stable than the often-volatile multi-dwelling segment, edged up 0.5% after jumping 5.9% in April. The annual growth rate eased to 3.4% YoY from 5.4% in April.

Monthly trend growth in private sector house approvals edged up 0.1ppt to 0.7% in May

## States

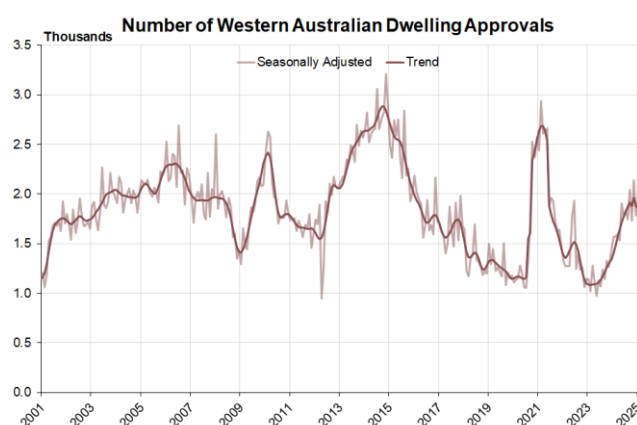
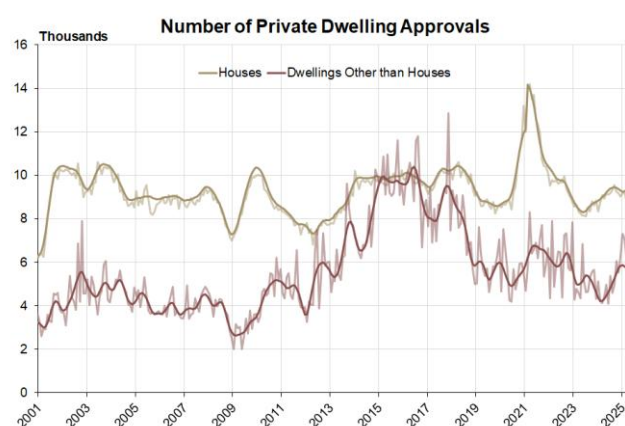
Dwelling approvals were up sharply in New South Wales and Victoria but fell elsewhere. Tasmania saw the heaviest monthly fall of 8.8%, followed by Western Australia with a 7.5% decline, although that followed an 11.2% rise in April.

Annual growth was strongest in South Australia and New South Wales, and negative in Tasmania and Western Australia. The decline in Western Australia was due to base effects as May 2024 saw a 24.4% monthly increase.

Monthly trend growth is positive in New South Wales, Western Australia and South Australia but negative elsewhere.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-7.5	-0.7
New South Wales	11.0	12.6
Victoria	14.0	3.7
Queensland	-6.7	3.5
South Australia	-6.2	21.4
Tasmania	-8.8	-13.1

Private sector house approvals jumped 9.5% in Victoria and rose in Queensland and South Australia. While approvals fell in the other mainland states, including Western Australia, which saw a 7.6% fall from a seven-month high.



## Comment

The increase in dwelling approvals in May followed three straight months of declines that saw permits hit an eight-month low in April. These declines were led by apartment approvals, which can be very lumpy.

Looking through the monthly volatility, approvals remain subdued and well below the levels required to close Australia's housing supply gap.

Although approvals remain subdued across most of the country, there are a large number of dwellings under construction, which should help alleviate at least some of the pressure on the housing supply as those projects are completed but nowhere near enough given the population increase. The next detailed update on dwellings commenced, completed, and under construction will be when the Q1 building activity report is released on 16 July.

Despite the May decline, the level of Western Australian dwelling approvals is running at around the highest levels since 2016, outside of the pandemic years of 2020 and 2021, when the market was boosted by record-low interest rates and government homebuilding grants.

The recent RBA interest rate cuts are yet to have an impact on the dwelling approvals data. However, with another cut likely next week and further cuts beyond that, approvals are likely to pick up later in the year.

**02 July 2025**