

Dwelling approvals declined a seasonally adjusted 4.6% in September, against market expectations for a 2.5% gain. The September decline came after an upwardly revised 8.1% gain in August (initial estimate: 7.0%).

Dwelling approvals remain very low by historical standards and continue to fall in trend terms.

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	-4.6	-20.6
Private Dwellings	-4.8	-21.1
- Houses	-4.6	-12.6
- Dwellings Ex Houses	-5.1	-33.1

The seasonally adjusted decline in September was broad-based. Private house approvals fell by 4.6%, while other private dwellings declined 5.1%.

However, looking through the temporary volatility, private sector house approvals appear to have turned the corner, with trend growth of 0.8%. Trend approvals for private dwellings other than houses continued to fall, reaching the lowest level since March 2012.

**States**

Dwelling approvals were mixed across the states.

There were monthly increases in Queensland, South Australia and Tasmania, while other states, including Western Australia, saw declines.

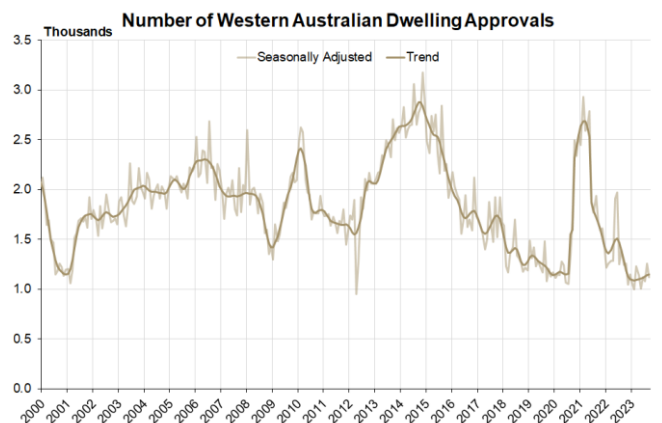
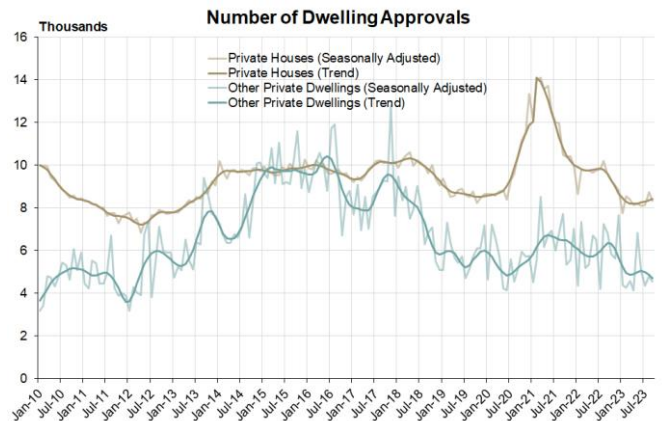
The annual rate of growth was positive in South Australia and Tasmania but remained negative in the remaining states.

Western Australian dwelling approvals fell 11.0% in the month, but this followed a 16.2% rise in August.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-11.0	-9.8
New South Wales	-10.5	-36.0
Victoria	-8.9	-15.0
Queensland	34.6	-9.3
South Australia	5.1	3.4
Tasmania	18.3	7.1

Private sector house approvals increased in New South Wales (+1.1%) and Queensland (+0.7%) but fell in the other mainland states.

In Western Australia, private house approvals declined by 12.7% in seasonally adjusted terms after a 16.9% rise in August. Despite the recent volatility, the trend estimate suggests approvals are slowly turning for the better.



**Comment**

Dwelling approvals remain subdued, but trend figures show tentative signs of a turnaround, or at least, a stabilisation in private house building consents.

Despite the ongoing weakness in dwelling approvals, the building industry has plenty of work underway following the surge during the COVID pandemic.

It is this inability to complete the huge amount of work on hand that is exacerbating the housing supply shortage. Apart from resilient demand for housing amid strong migration flows, this is one of the key reasons behind a rebound in house prices.

This morning saw the CoreLogic report on house prices for October, with another 0.9% increase bringing the national index to just 0.5% below last year’s record high. Increases were recorded in all capital cities. Perth saw the strongest gain of 1.6%, which took home prices to a fresh record high. While the pending RBA cash rate hike may result in some temporary cooling in the housing market, structural factors, especially insufficient supply, are supportive of further increases in home prices.

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