

Economic Analysis

Dwelling approvals rose a seasonally adjusted 7.0% in August, exceeding the market expectations of a 2.5% increase.

Despite the increase in seasonally adjusted terms, building consents remained very low by historical standards and continued to fall in trend terms.

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	7.0	-22.9
Private Dwellings	7.0	-23.1
- Houses	5.8	-15.2
- Dwellings Ex Houses	9.4	-34.1

The seasonally adjusted increase was broad-based, with a relatively strong rise in dwellings other than houses (+9.4%). Private sector house approvals picked up by 5.8% in August.

Looking through the temporary volatilities, private sector house approvals managed to post a 0.2% uptick in trend terms, but trend unit approvals declined by 1.4%.

Private sector house approvals remained 15.2% down through the year, while unit approvals were 34.1% down from a year earlier. Both categories continued to fall in annual trend terms as well.

States

Dwelling approvals were mixed across the states.

Western Australia was one of the states that saw a rise in approvals in monthly terms (+12.3%). The other states that recorded a rise in approvals were New South Wales and Victoria.

At the same time, there were declines in Queensland, South Australia and Tasmania.

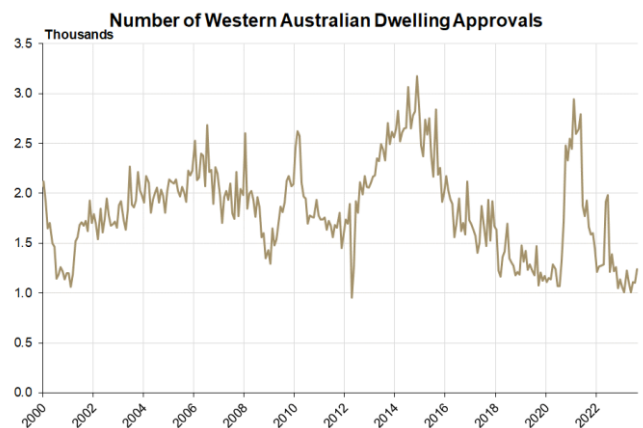
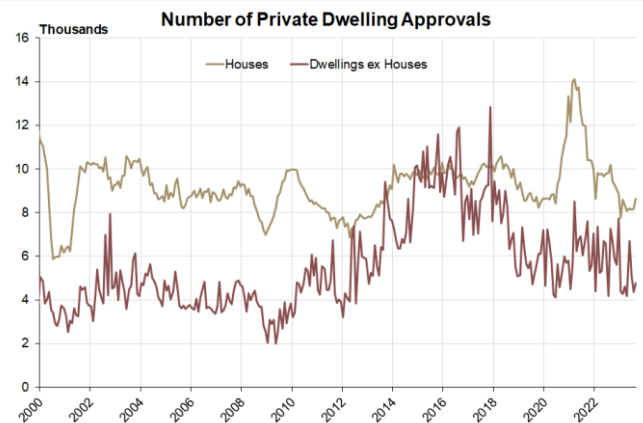
Western Australia was one of just two states to see a rise in building consents in trend terms.

The annual growth rate remained negative in all states.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	12.3	-10.6
New South Wales	12.5	-36.1
Victoria	22.2	-7.3
Queensland	-26.9	-39.7
South Australia	-6.9	-20.9
Tasmania	-10.1	-22.1

Private sector house approvals rose in all states, with Western Australia seeing the strongest gain of 13.0%. Western Australian private sector house approvals rose in trend terms as well (+2.6%), which was also the strongest result nationwide.

Dwelling Approvals August 2023



Comment

Dwelling approvals remain subdued. Despite the gain in August, private sector house approvals remain close to decade lows.

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, along with the surge in immigration, that is helping to drive the housing supply shortage that has seen a rebound in house prices, despite the lift-off in mortgage rates over the past year.

The strength of demand for housing was confirmed by the housing finance report, which was also released this morning. It also showed a stronger-than-expected increase in new home loans in August, which was followed by the eighth consecutive monthly rise in home prices in September.

3 OCTOBER 2023

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