

Dwelling Approvals December 2025

Dwelling approvals dropped a seasonally adjusted 14.9% in December, exceeding market expectations of a 6.4% fall. This followed a downwardly revised gain of 13.1% in November (originally +15.2%).

Monthly trend growth, which looks through the monthly volatility, turned negative (-0.2%) for the first time since January 2025.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-14.9	0.4
Private Dwellings	-13.8	0.8
- Houses	0.4	5.7
- Dwellings Ex Houses	-29.8	-6.1

The decline in seasonally adjusted building consents was driven by a 29.8% drop in dwellings other than houses, which are quite volatile. Private sector house approvals saw a marginal gain of 0.4% in December.

Dwellings other than houses were also the driver of a decline in trend building approvals, with a 0.8% fall, while trend private house approvals picked up by another 0.4%.

While down in the monthly terms, dwelling approvals remained up through the year (0.4% in seasonally adjusted terms and 6.9% in trend terms).

States

Total dwelling permits fell in all mainland states, with Victoria seeing the strongest drop of 32.2%. Western Australia (-1.9%) and South Australia (-0.8%) saw relatively small declines. Approvals in Tasmania rose by 11.3%.

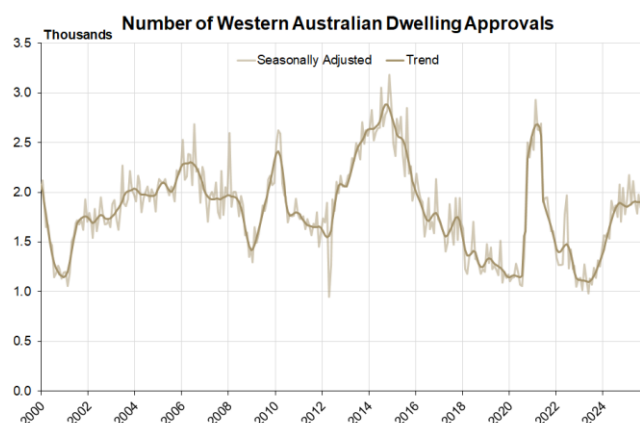
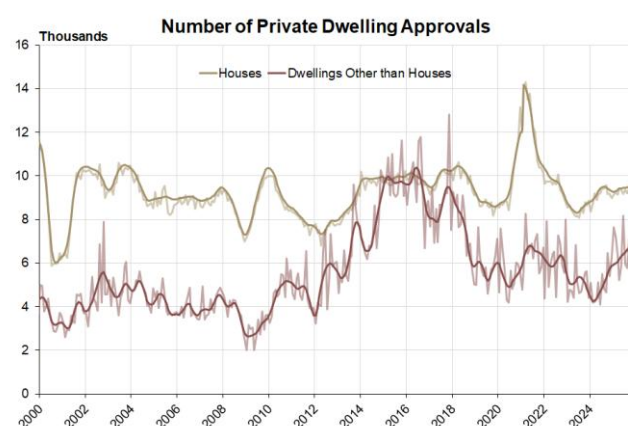
Over the year, New South Wales (-5.0%) and Victoria (-19.7%) were the only states that registered a decline. Western Australia saw the strongest annual gain of all states (+15.7%).

In trend terms, there were monthly declines in New South Wales (-1.0%), Victoria (-2.4%) and Tasmania (-0.5%). Western Australia saw the largest gain in trend approvals, of 2.0%, followed by Queensland (+1.6%) and South Australia (+1.1%).

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-1.9	15.7
New South Wales	-14.3	-5.0
Victoria	-32.2	-19.7
Queensland	-16.3	7.3
South Australia	-0.8	14.9
Tasmania	11.3	10.2

Seasonally adjusted private sector house approvals fell in New South Wales (-5.5%) and Queensland (-2.8%). Other states saw gains, led by South Australia (13.1%). Western Australia recorded a 0.4% increase.

In trend terms, all states registered higher private house approvals in December, with the notable exception of Victoria (-0.9%). Western Australia saw the second strongest increase of all states (+1.5%), surpassed only by South Australia (+1.7%).



Comment

Dwelling approvals have been quite volatile month-to-month, amid swings in the choppy unit approvals.

Looking through the monthly volatility, trend private sector house building consents appear to have stabilised around the highest levels since mid-2022. Trend unit approvals are also close to their recent local peak.

That said, only 196k dwellings were approved for construction in the entire 2025. Population growth was 226k in the first half of the year alone.

Supply-side constraints, coupled with elevated demand, additionally strengthened by good labour market conditions and incentives for first home buyers, continue to fuel home price growth.

According to Cotality data released yesterday, home prices rose by 0.7% across the capital cities, more than the 0.4% registered in the previous month (revised from 0.5%). If regional home prices are included, the rise was even stronger, at 0.8%.

Perth saw the strongest increase in home prices of all capital cities (+2.0%), while gains in the largest capital cities, Sydney and Melbourne, were relatively modest, of 0.2% and 0.1%, respectively.

The likely increase in mortgage rates as a result of the RBA cash rate adjustment might take some of the steam out of the housing market.

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