

Economic Analysis

Dwelling approvals fell a seasonally adjusted 6.0% in October (exp. -2.0%), following an 8.1% drop in September (revised from -5.8%).

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	-6.0	-6.4
Private Dwellings	-5.9	-5.6
- Houses	-2.2	-11.3
- Dwellings Ex Houses	-11.3	5.5

The decline was led by an 11.3% drop in multi-dwelling approvals, mainly driven by a big fall in approvals for high rise developments.

Building permits for private sector houses, which are generally less volatile than multi-dwelling permits, fell 2.2% in the month following an 8.5% decline in September.

States

Growth in total dwelling approvals was mixed across states, with heavy falls in New South Wales, Queensland and Tasmania, while the remaining states saw increases. This included Western Australia, which saw a 5.7% rise.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	5.7	-20.1
New South Wales	-18.8	-9.4
Victoria	5.8	6.0
Queensland	-18.7	-22.1
South Australia	17.6	18.8
Tasmania	-10.5	-5.3

Private house approvals were mixed across the mainland states, with Victoria (1.1%), New South Wales (0.2%) and South Australia (0.2%) seeing increases. Queensland (-13.8%) and Western Australia (-0.4%) saw declines.

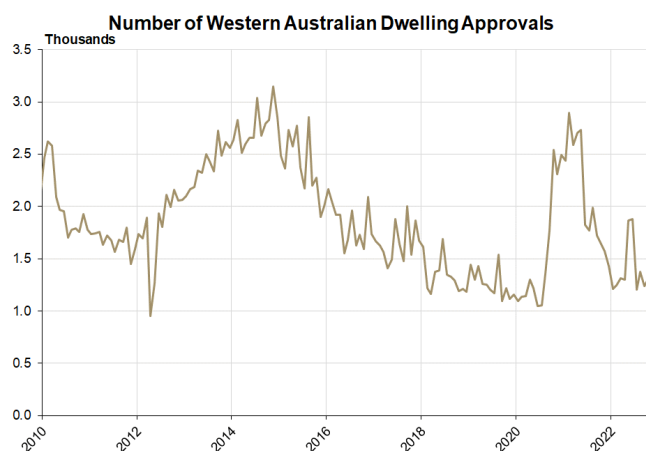
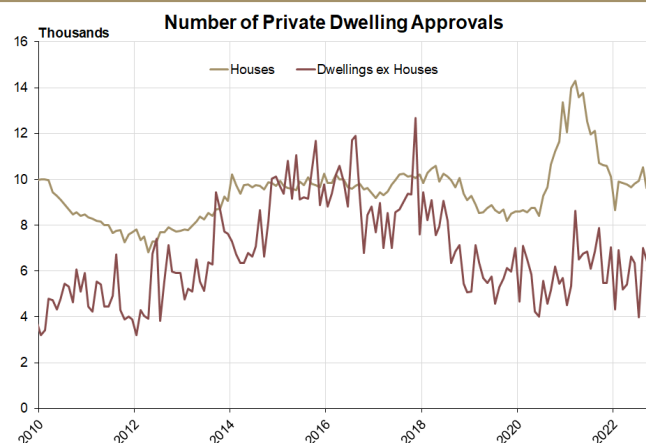
Construction Work Done (Q3)

The construction work done report for Q3, was also released today. It was the first of the partial GDP numbers ahead of the national accounts, to be released next Wednesday.

The report showed that the chain volume measure of residential building increased a seasonally adjusted 1.3% in the quarter, following a 5.7% drop in Q2. Construction work on new private sector houses rose 1.7%, which was the first increase in four quarters.

Both non-residential building (+1.1%) and engineering work (+3.4%) also rose in Q3, with total construction work done up 2.2% in the quarter and up 1.1% on a year earlier.

Dwelling Approvals October 2022



Comment

This was the second decline in a row in the number of private sector house approvals, suggesting the heat is coming out of that segment of the market. Nevertheless, the number of approvals remains relatively robust and will add to the pipeline of work waiting to be done.

The multi-dwelling segment fell sharply for the second month in a row. However, that category continues to be heavily influenced by approvals for high rise developments, which by their nature are extremely volatile.

Dwelling approvals are well off their highs and are likely to fall further in the coming months. As the RBA continues to lift interest rates, the work already in the pipeline will likely be enough to keep the industry busy until well into 2023.

Today's construction work done report saw the first increase in private sector house construction in four quarters, highlighting the problems the industry has had in delivering the pipeline of work already in the system.

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