

## Economic Analysis

Dwelling approvals dropped a seasonally adjusted 8.1% in April, which followed a downwardly revised decline of 1.0% in March (originally -0.1%).

The April decline came against the market expectations of a 2.2% gain.

Dwelling approvals are now down 24.1% through the year and at the lowest level since January 2012.

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	-8.1	-24.1
Private Dwellings	-8.0	-24.6
- Houses	-3.8	-18.6
- Dwellings Ex Houses	-16.5	-35.4

The drop in dwelling approvals in April was broad-based, with private house approvals declining by 3.8% and other private dwellings seeing a 16.5% plunge.

Approvals also saw a broad-based decline of 4.2% in trend terms.

### States

Dwelling approvals were again mixed across states. There were increases in New South Wales, South Australia and Tasmania. Other states saw a decline.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-5.8	-14.3
New South Wales	12.5	-14.6
Victoria	-18.6	-39.5
Queensland	-22.8	-20.4
South Australia	19.8	-20.5
Tasmania	3.5	-17.3

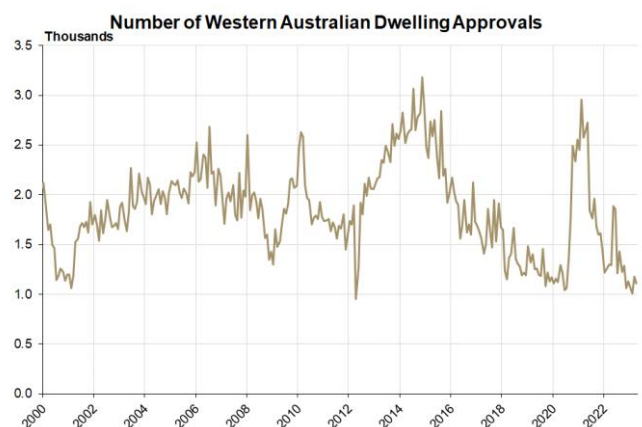
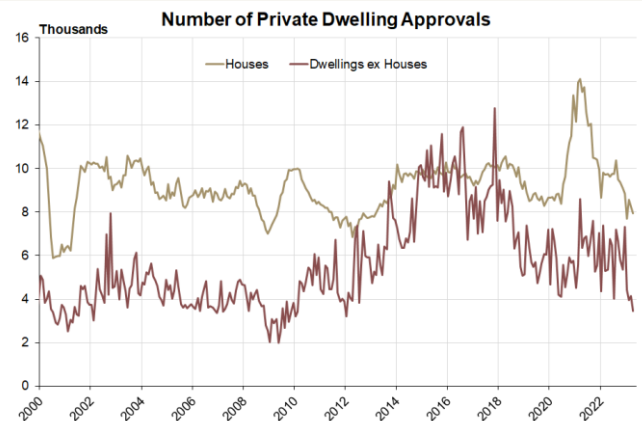
The pace of decline in Western Australia (-5.8%) was slower than in Victoria (-18.6%) and Queensland (-22.8%). In addition, the annual rate of decline in Western Australia was the slowest of all states. Western Australia was also one of the two states to register a rise in private sector housing approvals in April. That said, Western Australian housing approvals remain close to historical lows.

### Non-Residential Building Approvals (Trend Value)

The value of non-residential building approvals rose by 2.4% in trend terms, to be up 7.7% through the year. There were increases across all states but Western Australia and Victoria.

Trend (%)	MoM	YoY
Western Australia	-2.2	-5.6
New South Wales	3.9	14.0
Victoria	-6.8	1.5
Queensland	3.0	21.7
South Australia	7.3	39.7
Australia	2.4	7.7

## Dwelling Approvals April 2023



### Comment

Dwelling approvals continue to weaken, suggesting that the supply of new dwellings will slump once the current high level of dwellings under construction are completed.

Given the surge in population growth, this will add to supply shortages in the Australian housing market going forward, which is likely one reason behind the surprising rebound in house prices over the past couple of months.

Dwelling approvals are likely to remain under downward pressure in the months ahead, as the increase in interest rates continues to feed through the economy and constraints in the construction sector persist.

This week will see several more releases related to the housing market, starting with Q1 construction work done tomorrow, followed by the CoreLogic report on residential property prices for May on Thursday and the April housing finance report on Friday.

The CoreLogic report on residential property prices will show if the surprising increase in home prices continued in May. This, along with the CPI indicator report due tomorrow, will be an important piece of information for the RBA decision next week.

**30 MAY 2023**

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