

## Economic Analysis

Dwelling approvals fell a seasonally adjusted 8.1% in July (exp. -0.5%), following a 7.9% fall in June, and are down 10.6% YoY.

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	-8.1	-10.6
Private Dwellings	-6.1	-10.7
- Houses	0.1	-16.9
- Dwellings Ex Houses	-15.8	3.4

The fall was again led by multi-dwelling approvals, which slipped 15.8% in July following a 21.9% drop in June. Multi-dwelling approvals were up 3.4% from a year ago.

Private sector house approvals edged up 0.1% after sliding 1.0% in June and were 16.9% lower than in July 2022.

### States

Total dwelling approvals were down in all states except for Tasmania in July. However, the falls across the mainland states followed increases in June in every state but New South Wales.

The annual growth rate remained negative in all states.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-5.2	-12.5
New South Wales	-4.7	-16.5
Victoria	-18.3	-9.2
Queensland	-5.5	-4.4
South Australia	-2.6	-11.4
Tasmania	39.5	-4.1

Private sector house approvals were higher in Western Australia (6.0%) and Queensland (5.0%) but fell in other mainland states, led by a 9.1% drop in South Australia.

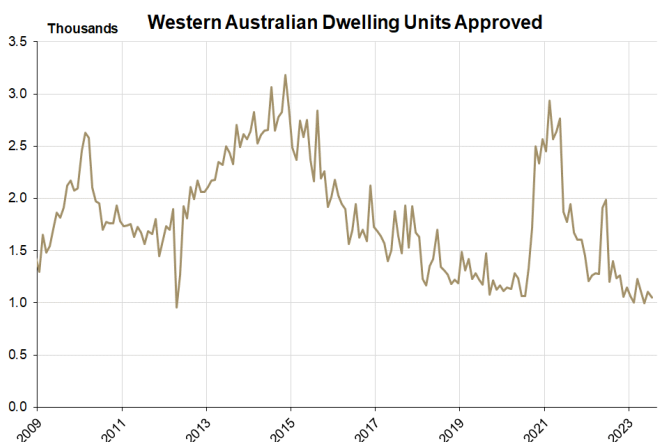
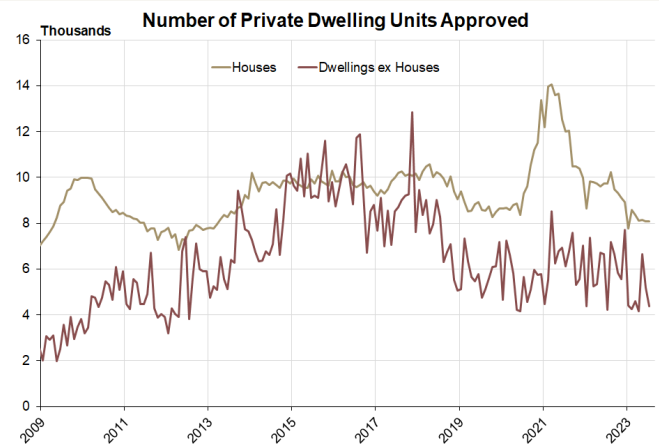
### Non-Residential Building Approvals (Trend Value)

The value of non-residential building approvals fell 27.8% in July, following a 28.6% increase in June. However, given the huge volatility in non-residential building approvals, it is best to look at the trend figures, which increased 0.3% to a record high.

Separate data released today on construction work done saw the volume measure of non-residential building rise a seasonally adjusted 0.6% to a record high in Q2, after a 4.2% increase in Q1.

Trend (%)	MoM	YoY
Western Australia	8.2	19.4
New South Wales	-4.1	17.9
Victoria	0.9	-9.7
Queensland	9.7	74.7
South Australia	-23.6	-33.5
Australia	0.3	19.5

## Dwelling Approvals July 2023



### Comment

Dwelling approvals remain subdued. Private sector house approvals remain at around their lowest levels in a decade, while the sharp rise in multi-dwelling approvals in May has been well and truly unwound over the past two months.

Despite the ongoing weakness in dwelling approvals, the building industry has plenty of work underway following the surge during the COVID pandemic, with the total number of dwellings under construction at or near record levels (the latest data is for Q1 2023).

The Q2 report for construction work done, also released this morning, highlights the ongoing difficulty the building industry is having completing the large volume of work already on its hands. The volume of new residential construction work rose just 0.7% in Q2 in seasonally adjusted terms, after falling 0.4% in Q1 and was up just 4.7% on the near eight-year low recorded in Q2 2022.

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 and a sharp lift in rents.

30 AUGUST 2023

#### Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.