Dwelling Approvals July 2026

Dwelling approvals declined by a seasonally adjusted 3.6% in July, slightly less than the 5.0% fall expected by market participants. This followed a downwardly revised 6.9% gain in the previous month (originally +7.2%).

The annual growth rate in building consents slowed to 9.0%, which remains very solid by historical standards.

Trend growth, which looks through the monthly volatility, eased to 0.8% MoM and 11.7% YoY.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-3.6	9.0
Private Dwellings	-2.6	11.3
- Houses	-4.2	6.0
- Dwellings Ex Houses	-0.4	19.9

The decline in approvals was broad-based, led by private sector house approvals (-4.2%). Approvals for private dwellings other than houses declined only marginally, by 0.4%, and remained solid.

In trend terms, growth in private sector house approvals slowed to just 0.1%, while growth in dwellings other than houses accelerated to 2.3%.

States

Developments in building consents were mixed across the states.

Queensland, New South Wales and Western Australia recorded declines in July. However, Western Australia's fall was marginal, at 0.3%, with approvals still up 21.5% over the year—the strongest mainland increase.

Other states registered gains in dwelling approvals in July, with Tasmania seeing the largest increase of 15.2%.

Trend growth rates were also mixed across the states, with the strongest increase in New South Wales (+2.4%), while Victoria recorded the largest decline of 1.2%.

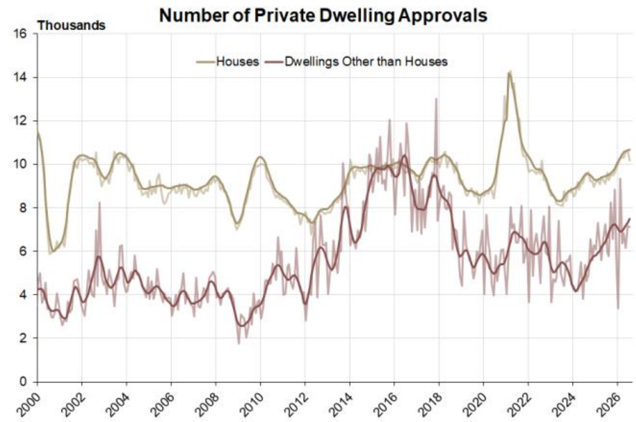
Seasonally Adjusted (%)	MoM	YoY
Western Australia	-0.3	21.5
New South Wales	-8.1	5.1
Victoria	9.7	5.1
Queensland	-13.9	9.5
South Australia	5.9	7.8
Tasmania	15.2	40.0

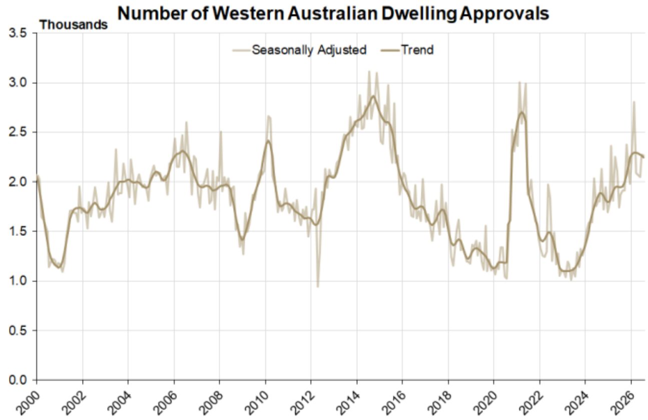
Private sector house approvals declined across all states in July, with the largest drop recorded in Victoria. Western Australia saw a narrow decline of 0.1%.

Trend private house approvals rose in Victoria (+0.6%) and South Australia (+0.2%), while being flat in New South Wales and down in Western Australia (-0.8%) and Queensland (-0.7%).

Non-residential Approvals

Trend non-residential approvals rose by another 2.9% to a fresh record high, with gains in all states except South Australia. This may have been partly driven by data centre development, although Western Australia – where such development is less vibrant – recorded the strongest gain, at 8.5%.





Comment

Despite month-to-month volatility, dwelling approvals continue to trend higher, both for houses and units.

However, the pace of these gains remains insufficient to keep up with underlying housing demand. Recognising this, the Commonwealth Government in August extended the deadline for meeting the target of 1.2 million new homes by three months, to the end of 2030.

According to research by the RBA and some commercial banks, the data centre boom is putting extra pressure on the cost of materials and labour in the construction sector, at least in parts of the country.

Notwithstanding these structural challenges, the Australian housing market is undergoing a cyclical correction, driven by renewed monetary policy tightening by the RBA and reinforced by changes to capital gains tax and personal income tax negative gearing rules announced in the Commonwealth Budget in May.

According to Cotality, the nationwide home value index fell by another 0.9% in August, with capital city values down 1.1%. The decline is broadening, with prices now falling in 93% of suburbs. Sydney and Melbourne continued to record the largest declines, at 1.4% and 1.1% respectively, but were closely followed by other mainland state capitals, including Perth, where home values fell 0.8%.

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