

## Economic Analysis

Dwelling approvals rose a seasonally adjusted 4.0% in February, undershooting the 10.0% expected by the markets after a revised 27.1% fall in January (originally -27.6%)

Seasonally Adjusted, %	MoM	YoY
Total Dwelling Approvals	4.0	-31.1
Private Dwellings	3.8	-27.2
- Houses	11.3	-13.6
- Dwellings Ex Houses	-9.5	-45.7

The rise in February was driven by an 11.3% increase in private sector house approvals, following a 13.5% fall in January. Private house approvals generally do not whipsaw that much, suggesting there may have been delays in processing approvals in January. The bounce comes after private house approvals hit a 10-year low in January.

Private sector dwellings excluding houses, dropped a further 9.5%, the lowest since July 2012.

### States

Dwelling approvals were up in most states in February, led by a 122.1% rise in Tasmania following sharp falls in December and January. Tasmania was the only state where approvals were higher than in February last year.

Approvals were higher in South Australia, New South Wales and Victoria in February, but slipped in Queensland and Western Australia.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	-6.4	-22.2
New South Wales	14.0	-42.2
Victoria	8.5	-45.0
Queensland	-13.7	14.7
South Australia	28.5	-8.9
Tasmania	122.1	11.8

Private sector house approvals were up in all the mainland states in February, with especially sharp increases in Queensland (18.8%), Victoria (10.3%) and New South Wales (9.9%). Private house approvals were up 2.4% in Western Australia.

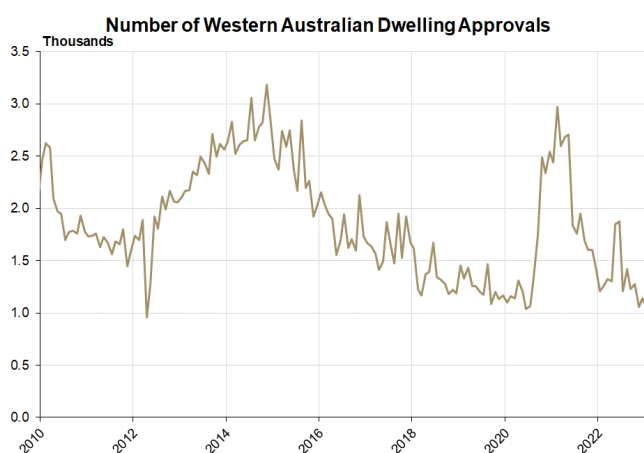
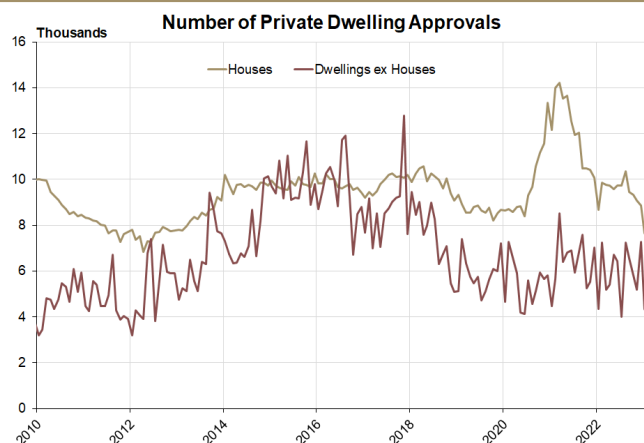
### Non-Residential Building Approvals (Value)

The value of non-residential building approvals jumped 39.8% in seasonally adjusted terms in February, after a 27.6% drop in January.

However, non-residential approvals are extremely volatile and are best looked at in trend terms. Trend approvals were down 1.5% in the month and were down 3.0% on a year earlier.

Trend growth in non-residential approvals was negative in Victoria in February but positive in the other mainland states.

## Dwelling Approvals February 2023



### Comment

The rebound in dwelling approvals in February was driven by private sector house approvals, which have been unusually volatile at the beginning of 2023. The fact that the double-digit rise in house approvals followed a similarly large fall in January, suggests the volatility may have been driven by delays in processing private sector house approvals in January.

Looking through this volatility, the trend estimate of private sector house approvals was down 2.9% for the month and down 17.2% YoY.

New dwelling approvals are likely to remain under downward pressure in the months ahead as the rapid increase in interest rates continues to feed through the economy.

Even with the slowdown in dwelling approvals to decade-long lows, the number of dwellings under construction remains high due to the very low rate of completions. Construction activity is likely to slow through 2023, as these dwellings are completed and the number of commencements drops away.

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