

Dwelling approvals rose a seasonally adjusted 19.1% in February following a revised 2.4% rise in January (revised from +2.5%). This compares to the WATC forecast for a 2.0% decline and the market forecast for a 1.5% fall. Approvals were down 12.5% in YoY terms after being down 28.9% YoY in January. The trend estimate, which looks through the monthly volatility, was up 0.4% in the month and 21.7% lower YoY.

	Seasonally Adjusted	MoM	YoY
Total Dwelling Approvals		19.1%	-12.5%
Private Dwellings		19.8%	-11.6%
-Houses		-3.6%	-13.8%
-Multi-dwelling		64.6%	-9.1%

### States

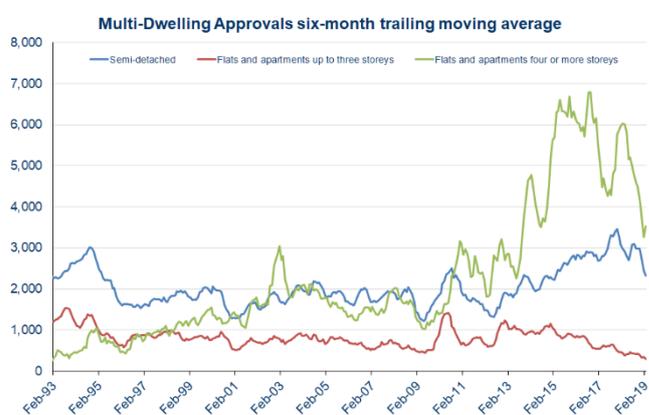
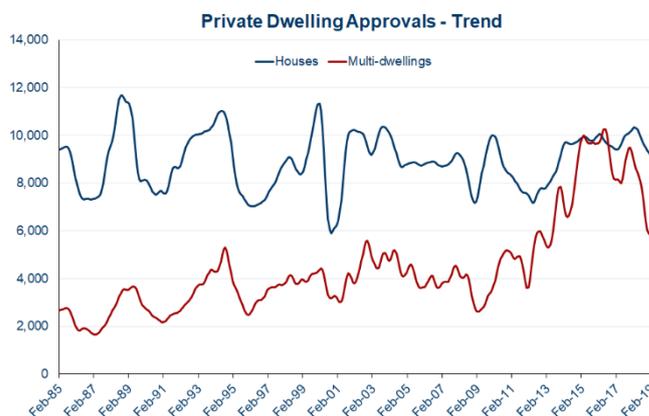
Results were mixed across the states with Victoria recording the biggest seasonally adjusted monthly increase of 37.3%, followed by New South Wales (+25.2%), while Tasmania had the biggest fall of 13.6%. In annual terms, Tasmania and Western Australia were the only states where approvals are higher than a year, while Queensland had the biggest annual decline of 34.9% YoY.

	Seasonally Adjusted	MoM	YoY
Western Australia		-10.9%	6.6%
New South Wales		25.2%	-9.6%
Victoria		37.3%	-5.9%
Queensland		3.4%	-34.9%
South Australia		6.8%	-5.3%
Tasmania		-13.6%	15.4%

### Non-Residential Building (Value)

The total value of non-residential building approvals, due to its volatile nature, is probably best looked at in trend terms. The value of approvals rose 1.9% in trend terms in February, the sixth monthly rise in a row, but was 2.1% lower YoY. The monthly trend continues to be strongest in Western Australia, with approvals seeing solid growth for the last five months. Monthly and annual trend growth is weakest in South Australia.

	Trend	MoM	YoY
Western Australia		13.0%	24.8%
New South Wales		0.2%	14.0%
Victoria		-0.6%	-4.4%
Queensland		0.0%	-7.5%
South Australia		-3.9%	-47.4%
Australia		1.9%	-2.1%



### Comment

Dwelling approvals surged in February in seasonally adjusted terms, demonstrating their month-to-month volatility. This was due to multi-dwellings which rose 64.6%, while private houses decreased by 3.6%. However, the trend remains well and truly negative.

With trend approvals down over 20% on a year ago, the decline in residential construction work is set to continue to decline.

The outlook for the housing market is looking bleak as credit continues to tighten and house prices fall. Our belief remains that this will impact on the labour market, likely pushing the RBA into cutting rates later this year. The cash rate futures market has a 25bp rate cut fully priced in for September.

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