

Dwelling approvals fell a seasonally adjusted 15.5% in March, reversing much of the 19.1% rise in February as expected. (exp WATC -15%, mkt -14%) Total approvals were down 27.3% on a year ago. The major driver of the volatility was private sector multi-dwellings which fell 30.6% after a 64.4% rise in February. The more stable private houses component posted its second fall in a row in excess of 3%. The trend estimate, which looks through the monthly volatility, was down 0.6% in the month and 22.4% lower YoY.

Seasonally Adjusted	MoM	YoY
Total Dwelling Approvals	-15.5%	-27.3%
Private Dwellings	-16.2%	-27.8%
-Houses	-3.2%	-18.3%
-Multi-dwelling	-30.6%	-38.8%

States

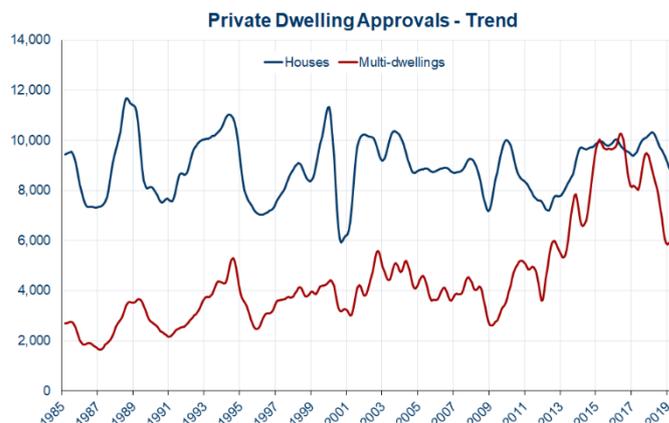
Across the states, Tasmania (+18.6%) and Western Australia (+4.8%) were the only states to record increases during the month and over the year.

Seasonally Adjusted	MoM	YoY
Western Australia	4.8%	20.7%
New South Wales	-27.4%	-23.2%
Victoria	-27.0%	-36.4%
Queensland	-2.4%	-35.9%
South Australia	-2.0%	-11.5%
Tasmania	18.6%	45.7%

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 fell 0.6% in trend terms in March, with the trend falling into negative territory for the first time since August, to be down 3.3% YoY. The monthly trend continues to be strongest in Western Australia, with approvals seeing solid growth for the last seven months. Monthly trend growth was weakest in New South Wales.

Trend	MoM	YoY
Western Australia	4.1%	27.3%
New South Wales	-3.9%	7.8%
Victoria	-1.0%	-4.2%
Queensland	3.0%	2.8%
South Australia	0.2%	-39.0%
Australia	-0.6%	-3.3%



Comment

The reversal of the big surge in dwelling approvals in February was as expected, driven by the volatile apartment building sector.

The outlook for the housing construction sector continues to look bleak as credit growth continues to weaken and house prices fall. With the RBA set to cut rates, perhaps as early as next week, the market may be set for some relief. Though that will depend on how much of any rate cut or cuts are passed on to borrowers by the banks.

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