

Dwelling approvals fell a seasonally adjusted 4.7% in April, after falling 13.4% in March (revised from -15.5%), much lower than the market expectations of 0%. Total approvals were down 24.2% on a year ago. The major driver was private sector multi-dwellings which fell 6.5% after a 25.8% fall in March. The more stable private houses component posted its third fall in a row. The trend estimate, which looks through the monthly volatility, was down 0.6% in the month and 21.8% lower YoY.

Seasonally Adjusted	MoM	YoY
Total Dwelling Approvals	-4.7%	-24.2%
Private Dwellings	-4.2%	-24.0%
-Houses	-2.6%	-20.5%
-Multi-dwelling	-6.5%	-28.8%

States

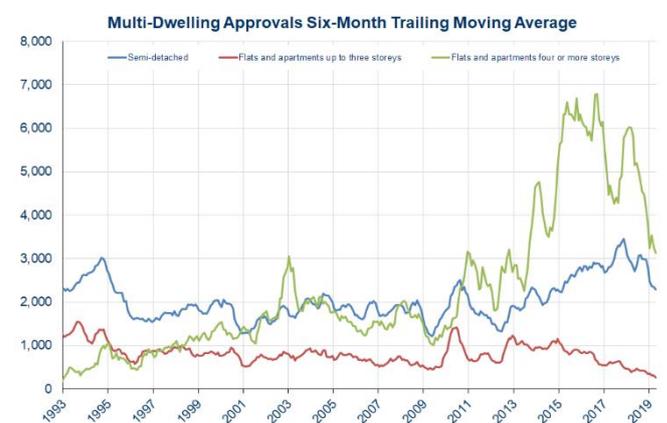
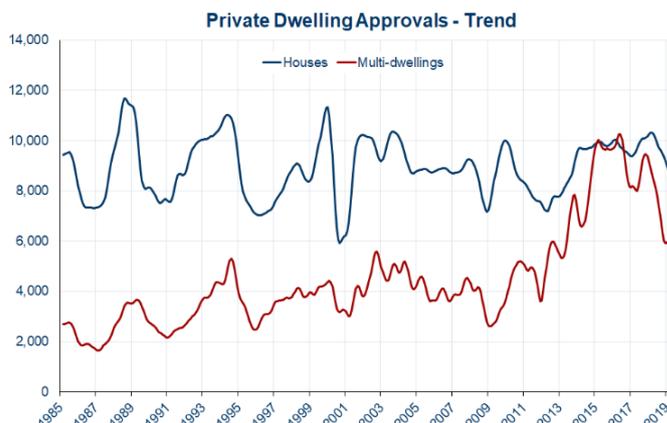
Across the states, Queensland (+11.3%) and New South Wales (+4.8%) were the only states to record increases during the month. While Tasmania was the only state to record an increase over the year.

Seasonally Adjusted	MoM	YoY
Western Australia	-6.7%	-11.0%
New South Wales	4.8%	-23.8%
Victoria	-16.1%	-34.3%
Queensland	11.3%	-28.2%
South Australia	-3.3%	-12.7%
Tasmania	-19.1%	2.9%

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 1.0% in trend terms in April, to be up 4.0% YoY. The monthly rise was strongest in South Australia. Approvals in Western Australia fell 4.5% in the month, however, over the year Western Australia saw the strongest growth.

Trend	MoM	YoY
Western Australia	-4.5%	21.3%
New South Wales	-0.9%	19.4%
Victoria	-2.4%	-6.3%
Queensland	2.3%	8.3%
South Australia	13.5%	-5.9%
Australia	1.0%	4.0%



Comment

The falls seen in the volatile apartment building sector slowed in April, however, private sector house approvals fell for a third consecutive month.

The housing construction sector continues to see a loss of momentum, with credit growth continuing to weaken and house prices falling. It is almost a forgone conclusion (the market has priced in over a 90% chance of a cut) that the RBA will cut rates next week, which may give the market some relief in the short term. However, it will depend on how much of any rate cut or cuts are passed on to borrowers by the banks and how consumers will respond.

In other news this morning, real private sector capital expenditure fell 1.7% in Q1, suggesting business investment was a drag on GDP growth in the quarter, though capital expenditure plans remained positive.

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