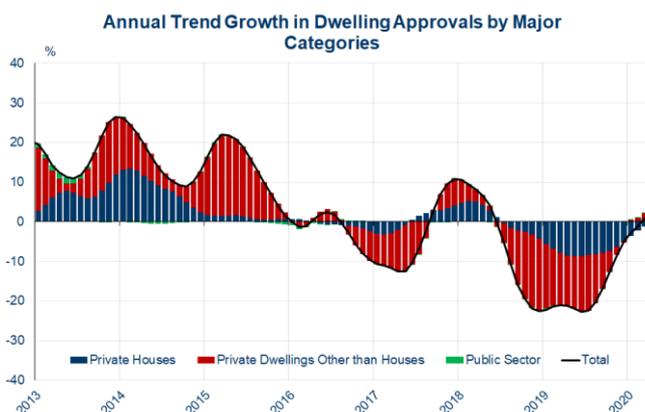


**Overview**

The number of dwelling approvals fell by 4% in seasonally adjusted terms in March 2020. The pace of decline was much slower than the -15% expected by market participants.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-4.0	0.2
Private Dwellings	-4.3	0.2
- Houses	-1.2	-2.2
- Dwellings ExHouses	-8.2	3.4

Through the year, dwelling approvals rose marginally, helped by high-rise construction activity over the past few months. Semi-detached dwellings have also contributed to a rise in trend approvals. The trend annual growth rate turned slightly positive for the first time since May 2018.



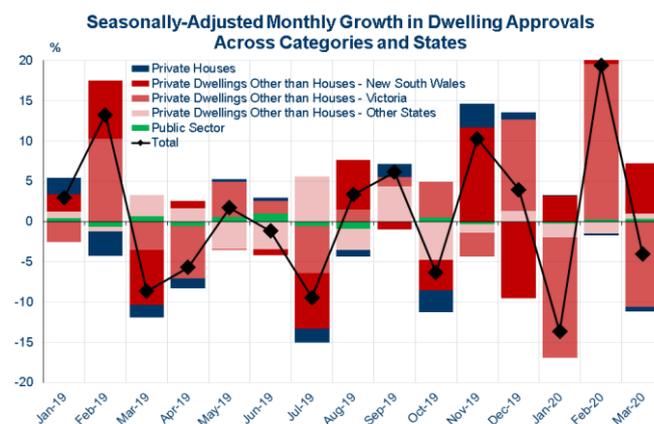
The surprising resilience in building approvals was due to a surge in approvals for high-rise buildings, this time in New South Wales. In addition, the [February figures](#) were revised slightly downwards (to 19.0% from 19.9% previously).

As the ABS noted, due to the long process of approving applications for building construction activities, the impact of the COVID-19 crisis will appear in the building approvals data with a lag.

The monthly decline in dwelling approvals reflects mainly a setback from very strong February numbers in Victoria, while approvals for houses declined at the strongest pace since October 2019.

Public sector dwelling approvals rose sharply for the second month in a row, yet, due to its small share of

overall approvals, this had little impact on headline figures.



**States**

Apart from the pullback in Victoria, which followed a strong rise in February driven by high-rise activity, approvals fell also in Queensland and South Australia. There were increases in the other states, including Western Australia. A particularly strong rise was recorded in New South Wales, led by high-rise activity, yet growth in housing approvals also accelerated quite sharply.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	1.9	-16.2
New South Wales	24.6	21.2
Victoria	-25.5	-1.3
Queensland	-3.3	-2.9
South Australia	-7.4	-9.8
Tasmania	11.2	1.7

**Comment**

Recent building approvals reports have been distorted by high-rise construction activity in the major states. Looking through this volatility, however, we could see a steady improvement in approvals for construction of houses. Given the scale of the COVID-19 shock for households, indicated in other ABS publications, this recovery is likely coming to an abrupt end, which should be more evident in the upcoming reports.

4 MAY 2020

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