

## Economic Analysis

The number of dwelling approvals slipped a seasonally adjusted 0.7% in June, following an 11.2% rise in May (revised from 9.9%). Market expectations were for a 5.0% fall.

Total approvals were down 17.2% from a year earlier.

Seasonally Adjusted (%)	MoM	YoY
Total Dwelling Approvals	-0.7	-17.2
Private Dwellings	-1.6	-17.8
- Houses	1.2	-22.0
- Dwellings Ex Houses	-5.7	-10.1

The fall was driven by a drop in dwellings other than houses, which followed a 34.6% increase in May.

Private sector house approvals rose 1.2%, the first increase in four months.

### States

The number of dwelling approvals fell in South Australia and Queensland in seasonally adjusted terms, but rose across the other states. Western Australian approvals were up 1.7% in the month and 2.2% higher through the year.

Seasonally Adjusted (%)	MoM	YoY
Western Australia	1.7	2.2
New South Wales	1.5	-24.5
Victoria	6.3	-24.0
Queensland	-2.0	-2.6
South Australia	-10.1	-33.8
Tasmania	1.0	-16.2

The rise in private house approvals was driven by New South Wales (+9.2%) and Victoria (+4.2%), while approvals fell across the remaining mainland states. Private house approvals were down 7.8% in Queensland and 2.9% in Western Australia.

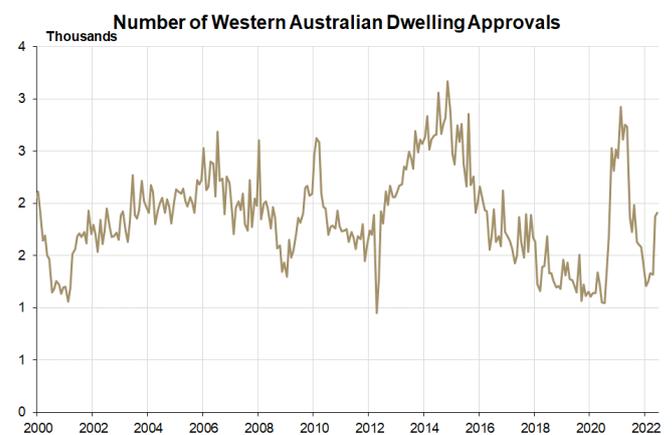
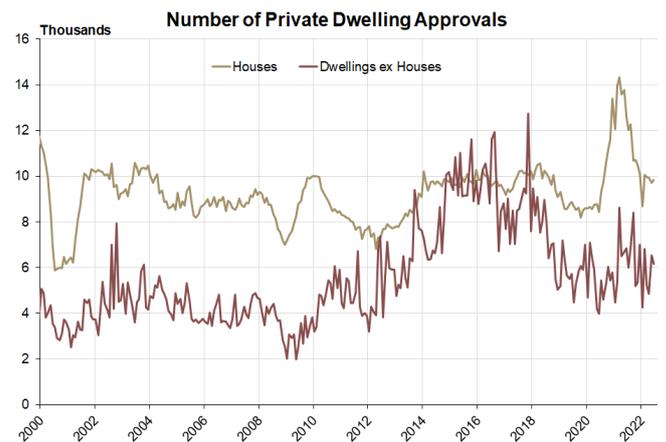
The ABS has again started releasing its trend estimates of dwelling approvals, which looks through the monthly volatility. The trend remains strongest in Western Australia, with growth of 5.5% in the month and weakest in Victoria, with a 1.7% fall.

### Non-Residential Approvals

The value of non-residential approvals fell 6.1% in trend terms in June to be up 1.0% YoY.

Trend (%)	MoM	YoY
Western Australia	-2.5	-7.2
New South Wales	1.6	23.7
Victoria	3.0	3.9
Queensland	16.8	65.3
South Australia	-14.4	-6.0

## Dwelling Approvals June 2022



### Comment

Private sector house approvals remain elevated, despite being well off the 2021 highs, adding to the substantial amount of work already under construction. The sharp increase in houses under construction has put increased pressure on the building industry and stretched out lead times.

The recent producer price index report highlighted the stress the building industry is under, given the huge increase in demand, coupled with severe supply constraints in the industry. The PPI report showed that input prices into the construction sector rose 4.3% in Q2 to be 17.3% higher than a year earlier.

The average approval value for a new house in June was \$409k, up 19.8% YoY.

With the RBA tightening cycle now well under way, dwelling approvals are likely to come under further downward pressure in the coming months.

2 AUGUST 2022

#### Disclaimer

Any opinions, judgments, conclusions, forecasts, predictions or estimations contained in this advice are made in reliance on information provided to Western Australian Treasury Corporation which Western Australian Treasury Corporation believes to be reliable. Western Australian Treasury Corporation, however, cannot guarantee the accuracy of that information. Thus, any recommendations are made in good faith but are provided only to assist you with any decisions which you make. These recommendations are not intended to be a substitute for professional advice on a particular matter. Before accepting or rejecting those recommendations you must discuss your particular needs and circumstances with Western Australian Treasury Corporation.