

30 November 2023

## Australian dwelling approvals: unconvincing bounce October +7.5%<sup>mt</sup>, -6.1%<sup>yr</sup> Unit-driven noise with wider conditions still weak.

- Dwelling approvals posted a stronger than expected 7.5% rise in October but the detail is more subdued and more in line with expectations. The consensus forecast was for a 1.7% gain.
- As is often the case with approvals, big swings in 'units' can drive significant monthly volatility. This was the case in October, with private unit approvals up 19.5% in the month – a gain that is almost certainly 'noise' rather than the beginning of a sustained up-trend. Private detached house approvals posted a more subdued 2.2% rise that was more in line with the market expectation. This follows July's -7.2% fall, August's 8.1% rebound, and September's -4.6% fall.
- Note that most of the figures in the table and accompanying charts show approvals in rolling three-month average terms in order to tone down the volatility.
- Looking more closely at private detached house approvals, the biggest increases were seen in WA (+11.7%) and Vic (+6.5%), with SA remaining almost flat (+0.8%). These were partially offset by sizeable falls in NSW (-4.9%) and Qld (-3.4%). On a three-month rolling basis, private detached house approvals are up 2.2%, suggesting there is a very slight uptrend in place.
- As noted, private sector unit approvals jumped 19.5% in October. The detail suggests this was mainly driven by an increase in 'high rise' approvals although gains may have been exaggerated by seasonal adjustment (which is more uncertain for this volatile segment). The biggest increases across units as a whole were in Qld (+35.7%) and NSW (+28.3%), followed by WA (+6.5%). Declines were observed in SA (-34.4%) and Vic (-12.1%). Private sector unit approvals were down by -8.2% on a three-month rolling basis.
- The value of renovation approvals reduced by -3.2% in the month and are up 0.5%<sup>qtr</sup> on a three-month average basis. Still, it's almost certain that these gains are driven by prices as opposed to volumes. The value of non-residential building rose by 6.2% in September and the quarterly pace remains negative (-19.1%).
- Overall, the detail to the October update was less convincing than the headline rise. To the extent that unit 'noise' is the main driver of this month's gain we will likely see a reversal in November. Outside of this, the picture still looks to be of approvals bouncing around at weak levels, with only slight hints of a very gradual up-trend.

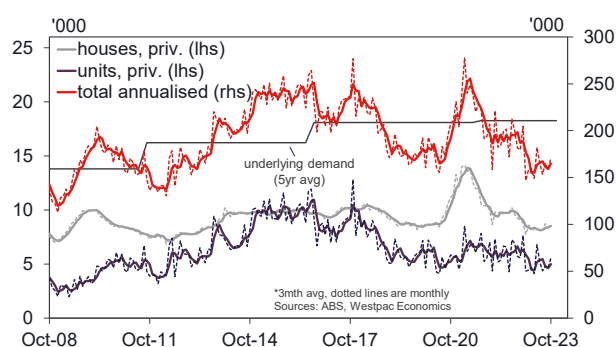
**Matthew Hassan, Senior Economist**  
**Tian Wei, Graduate**

### Building approvals – October 2023

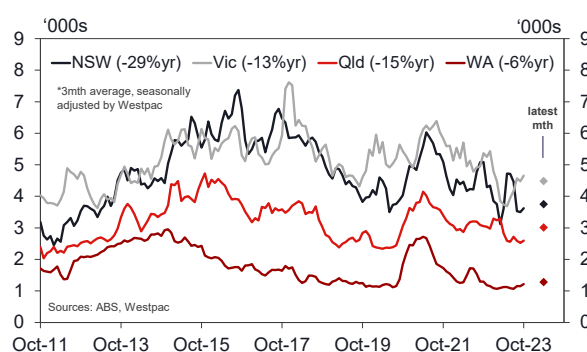
3mth avg	latest	3mth %chg*		%yr	
		Aug	Sep	Aug	Sep
Private houses	8,518	3.4	4.5	-14.8	-12.0
Private units	5,004	-14.0	-8.2	-25.1	-24.6
Public dwellings	223	-20.8	-32.4	7.2	0.5
Total dwellings	13,744	-4.0	-1.4	-18.4	-16.9
<b>Total dwellings, mthly*</b>	<b>14,223</b>	<b>-4.0</b>	<b>7.5</b>	<b>-20.9</b>	<b>-6.1</b>
- units in 'high rise'^	2,415	-24.8	-21.8	-30.2	-36.4
- units in 'low rise'^	2,451	-3.8	flat	-15.9	-11.3
Renovations, \$bn	1.041	2.4	0.5	3.7	0.6
Non-res., \$bn	5.835	-17.2	-19.1	24.3	10.1

\*figures for 'total dwellings mthly' are monthly and mthly%ch, all others are rolling 3mth avg and 3mth%ch; ^all sectors, Westpac estimates  
Sources: ABS, Westpac Economics

### Dwelling approvals

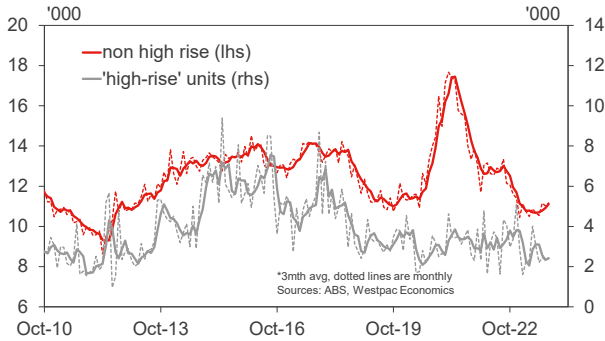


### Total dwelling approvals: by state

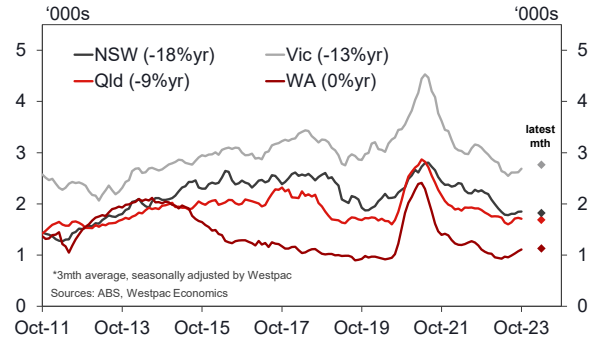


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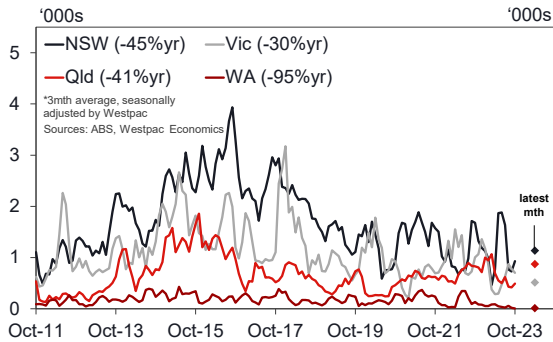
## Dwelling approvals: high rise vs non high rise



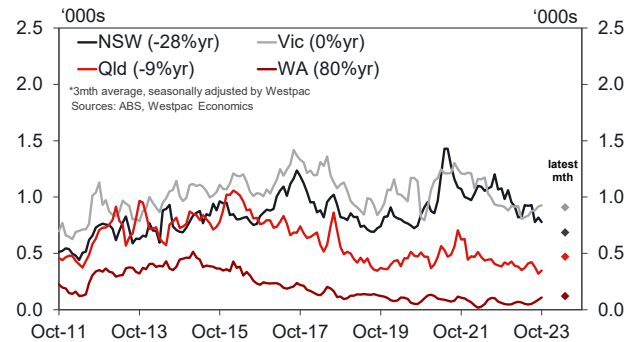
## Detached house approvals: by state



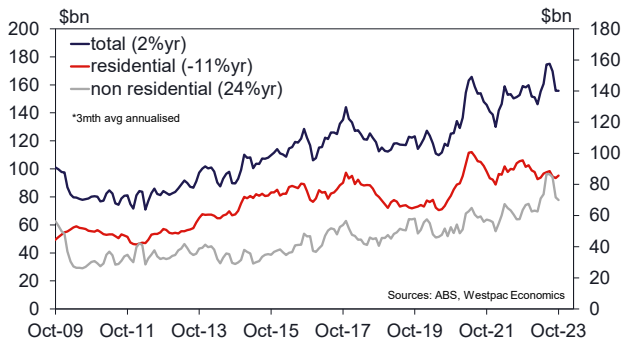
## 'High rise' approvals: by state



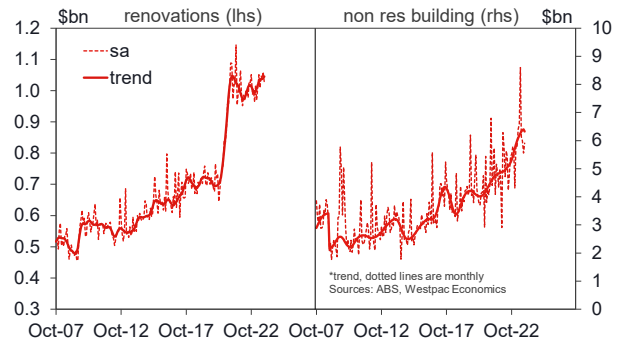
## 'Low-mid rise' approvals: by state



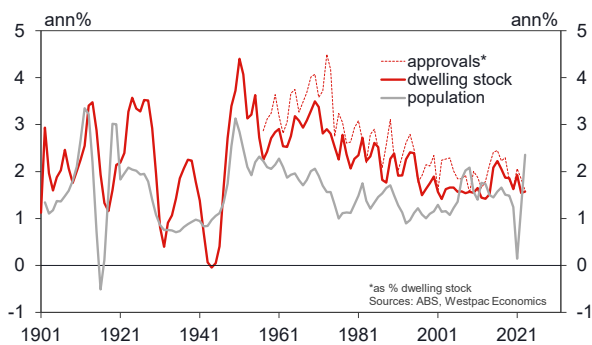
## Total value of building approvals



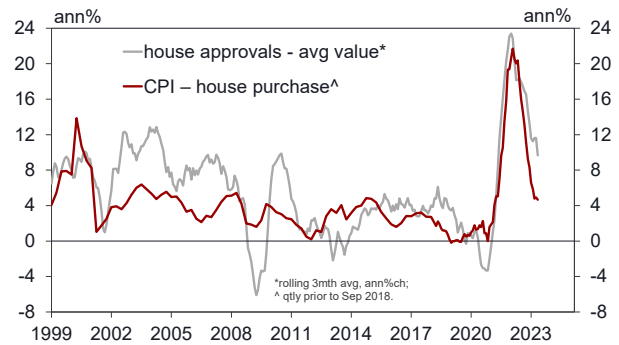
## Value of renovation & non residential approvals



## Dwelling approvals: annual, full history



## Dwelling approvals: avg value



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