

9 January 2024

## Australian dwelling approvals: unit-driven lift November 1.6%<sup>mth</sup>, -4.6%<sup>yr</sup> High-rise bounce amid broadly weak conditions.

- Following a 7.2% bounce in October, total dwelling approvals retained a semblance of momentum in November, rising 1.6%. The consensus forecast was instead looking for a -2.0% 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 often present in the data.
- The main driver of October's result was a 17.4% upswing in private unit approvals – a segment that often exhibits month-to-month volatility. Move forward to November, private unit approvals continued to rise, up 6.7% in the month and 10.9% on a three-month rolling basis, including an outsized 38% rise for high-rise units. Private units effectively drove another a stronger-than-expected result this month, albeit to a lesser extent than last month.
- At this stage, it seems very unlikely that this points to a sustained uptrend in total dwelling approvals. That is not only highlighted by the concentration of the gain in high-rise approvals, but also the underlying volatility in the state detail. Indeed, the states that were the strongest contributors to October's bounce in private unit approvals became the largest drags in November (New South Wales, Queensland and Western Australia) and those states that were the largest drags in October then became the strongest contributors in November (e.g. Victoria and South Australia).
- Private detached house approvals are much less volatile and hence provides a clearer guide to current momentum. In November, this segment posted a -1.7% decline to be up just 2.5% on a three-month rolling basis. November's results for this segment were more consistent across the states, with declines observed Victoria (-2.3%), Queensland (-0.4%) and Western Australia (-2.8%), and only tepid lifts in New South Wales (+0.6%) and South Australia (+0.8%).
- The value of renovation approvals fell by -2.4% in the month and are up just 1.3% on a three-month rolling basis, the weakest pace in eight months. Even then, it is almost certain that these gains are driven by prices, rather than volumes. Meanwhile, the value of non-residential building collapsed -18% in November and its quarterly pace remains deeply negative, currently -22.3% on a three-month rolling basis.
- The detail underlying the November update does not suggest a sustained uptrend in total dwelling approvals has begun. Recent gains have been centred on a narrow base within the private units segment, driven by a swing in high-rise approvals with very few signs of consistent and sustained progression by state. More broadly, the outlook for dwelling approvals remains mixed – just as wider housing markets are benefitting from rapid population growth, legacy issues around elevated construction costs and capacity constraints remain a drag on building activity. Overall, the picture still looks to be of dwelling approvals bouncing around at weak levels, with only some hints of a very gradual up-trend.

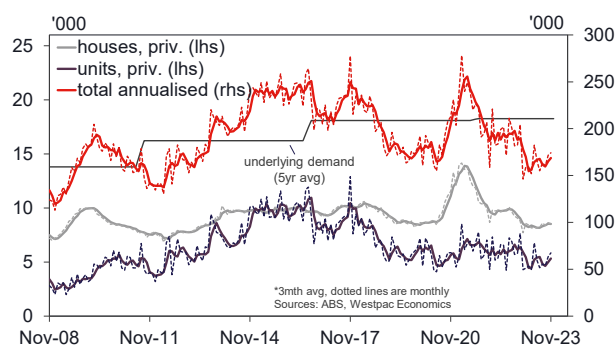
**Ryan Wells, Economist**

### Building approvals – November 2023

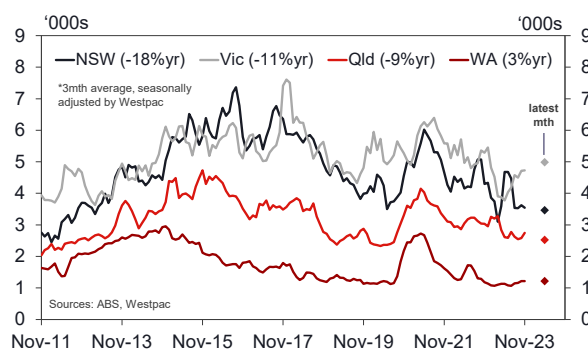
3mth avg	latest	3mth %chg*		%yr	
		Oct	Nov	Oct	Nov
Private houses	8,520	4.5	2.5	-11.3	-8.5
Private units	5,339	-8.9	10.9	-24.5	-12.9
Public dwellings	195	-33.7	-42.8	-0.6	-20.0
Total dwellings	14,054	-1.6	4.4	-16.5	-10.4
<b>Total dwellings, mthly*</b>	<b>14,529</b>	<b>7.2</b>	<b>1.6</b>	<b>-5.5</b>	<b>-4.6</b>
- units in 'high rise'^	2,750	-21.4	6.4	-36.3	-19.9
- units in 'low rise'^	2,411	-0.9	3.3	-11.5	-5.9
Renovations, \$bn	1.047	1.4	1.3	1.9	2.6
Non-res., \$bn	5.476	-18.8	-22.3	10.3	-2.7

\*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

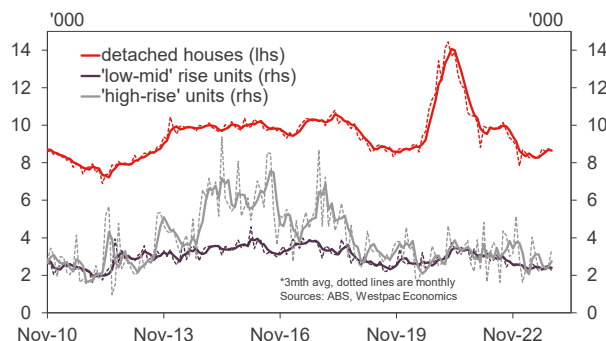


### Total dwelling approvals: by state

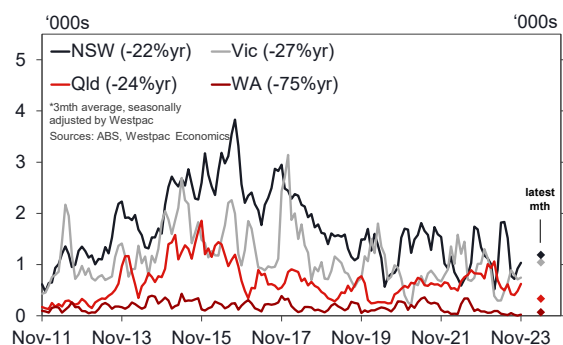


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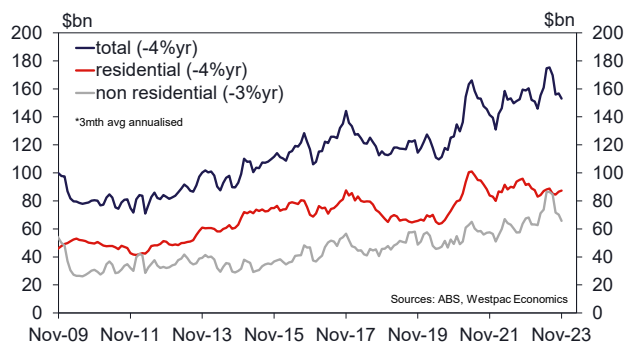
## Dwelling approvals: detailed segment



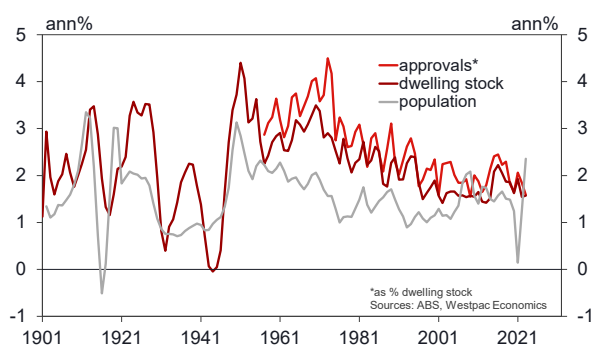
## 'High rise' approvals: by state



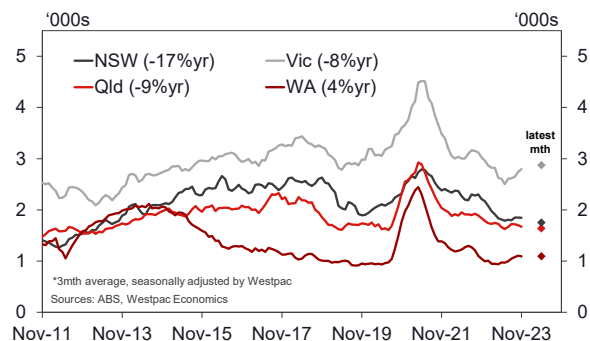
## Total value of building approvals



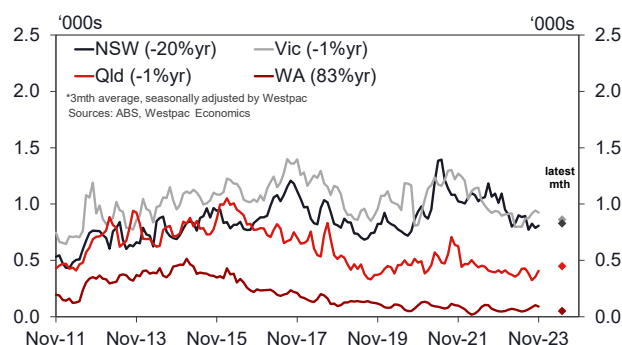
## Dwelling approvals: annual, full history



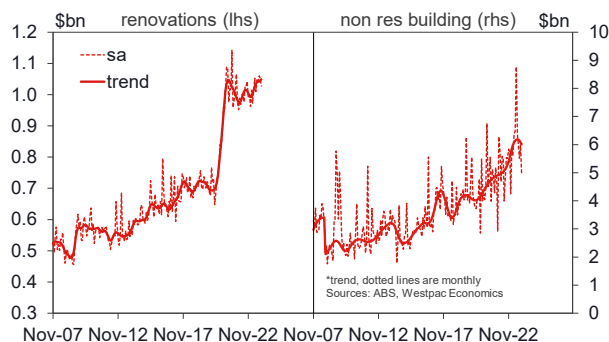
## Detached house approvals: by state



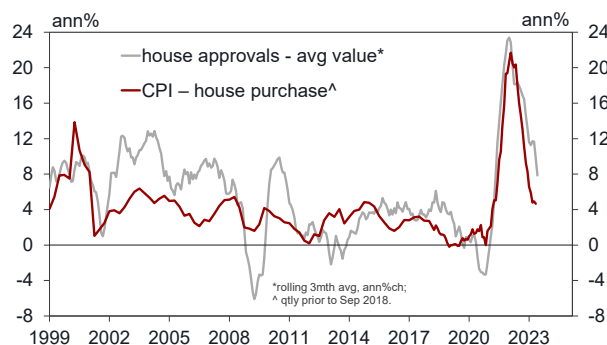
## 'Low-mid rise' approvals: by state



## Value of renovation & non residential approvals



## Dwelling approvals: avg value



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