

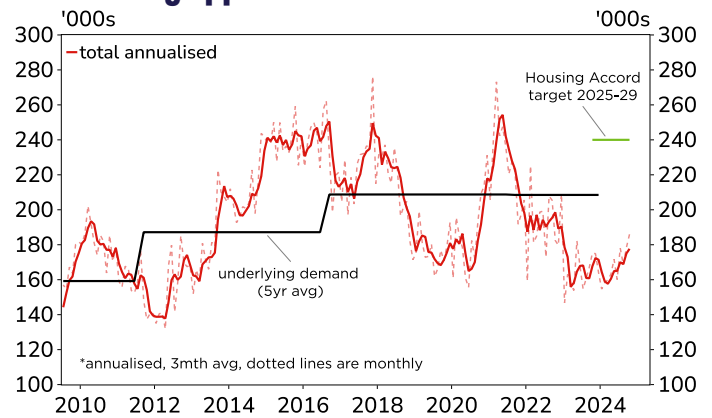
2 December 2024

AUSTRALIAN DWELLING APPROVALS BULLETIN

Up-trend looking a little more convincing

- Total dwelling approvals rose 4.4% in October to the second highest level in two years. Approvals are up 6.1%yr but still well below long run average levels and estimates of underlying demand.
- Segment mix shows solid underlying up-trend in detached house, despite choppy monthly approvals, and a surprisingly strong lift in high rise approvals that is unlikely to sustain.
- State divergences remain stark. Upturns are tracking well in Qld, WA and SA but latest high-rise driven lift in Vic looks fragile and NSW still in doldrums.

Dwelling approvals



Total dwelling approvals
+4.2% mth,
+6.1% yr

Recovery gains a little more traction



Matthew Hassan
Head of Australian Macro-forecasting

Dwelling approvals rose 4.2% in October, coming in above the consensus forecast of a 1.5% rise. September's rise was also marked up to a 6.1% gain. Annual growth in approvals held at 6.1%yr. The detail was a little less convincing though – while recoveries are continuing to gain traction in Qld, WA and SA, the sustainability of a surprising apartment-led lift in Vic looks questionable while approvals in NSW are still bouncing around low levels.

Most of the figures in the table and in the accompanying charts show approvals in rolling three-month average terms, to tone down the volatility of the monthly data.

The segment detail was a little puzzling in October, with the gain driven by a big rise in 'units' offsetting a weak month for detached houses.

Private detached house approvals dropped 5.2%mtm, more than reversing a 4.1% rise in September. These are relatively big swings for what is typically a more stable segment. Most of the volatility was in Qld suggesting local policy measures may have played a part. Annual growth is running at 8.5%yr for quarterly approvals suggesting an sold underlying up-trend remains intact.

Private unit approvals surged 25% in the month, led by spike in high-rise approvals (up 56% in non seasonally adjusted terms). This segment is famously volatile so gains should always be treated with caution. That goes double currently given an environment that is widely seen as uncondusive for large residential projects. The state mix also argues against a lift in this segment. Whereas wider housing markets are experiencing sustained upturns in Qld, WA and SA, conditions are much softer in NSW and Vic, the states that dominate high-rise building in Australia.

The value of renovation approvals fell 4.2% in October, but was still up 1.8% on a rolling quarterly basis and 10.1%yr. The value of non-residential building continues to track a volatile path, dropping 13.4% in October. Approvals are up 4.9% for the quarter but down 11%yr. Note the cost escalation will be a factor in both of these approval measures. For renovations, that points to flatter underlying 'volumes' of work approved while for non-residential building it implies large outright declines.

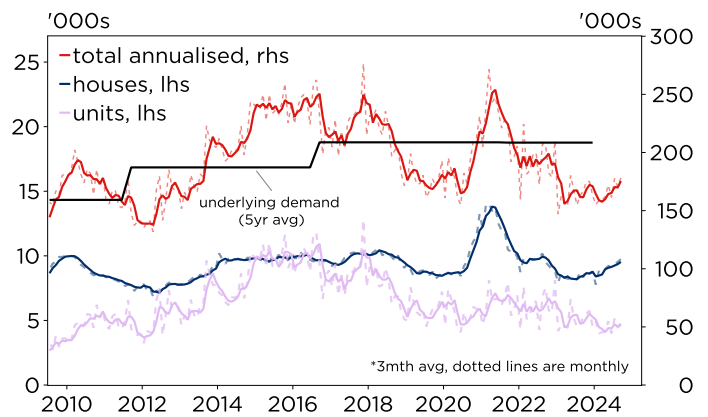
Overall, October update provides clearer evidence that some sort of recovery is gaining traction although the sustainability of recent gains in unit approvals and in Victoria looks doubtful.

Building approvals – October 2024

3mth avg	3mth %chg*			%yr	
	latest	Sep	Oct	Sep	Oct
Private houses	9,400	3.3	2.1	12.6	8.5
Private units	5,015	9.4	6.7	flat	-2.1
Public dwellings	391	52.4	52.4	59.1	102.1
Total dwellings	14,805	6.1	4.5	8.8	5.9
Total dwellings, mthly*	15,498	5.8	4.2	6.8	6.1
– units in 'high rise'^	2,813	27.6	29.9	6.5	18.3
– units in 'low rise'^	2,438	-3.2	-4.0	-4.5	-6.3
Renovations, \$bn	1.152	1.3	1.8	10.8	10.1
Non-res., \$bn	5.326	-0.1	4.9	-13.7	-11.2

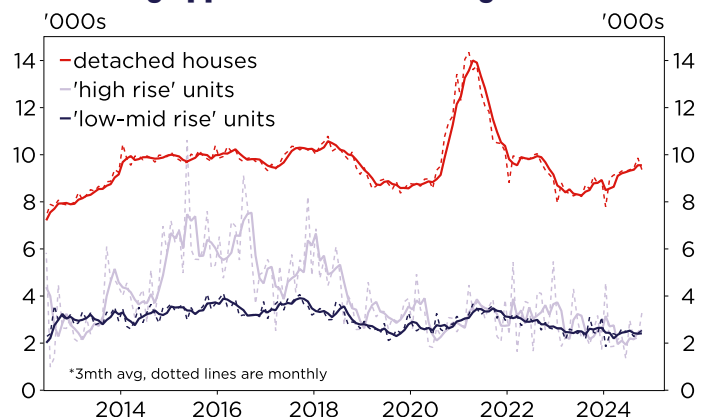
*figures for 'total dwellings mthly' are monthly and mthly%ch, all others are rolling 3mth avg and 3mth%ch; ^all sectors, Westpac estimates
Sources: ABS, Westpac Economics

Dwelling approvals: major segment



Source: ABS, Macrobond, Westpac Economics

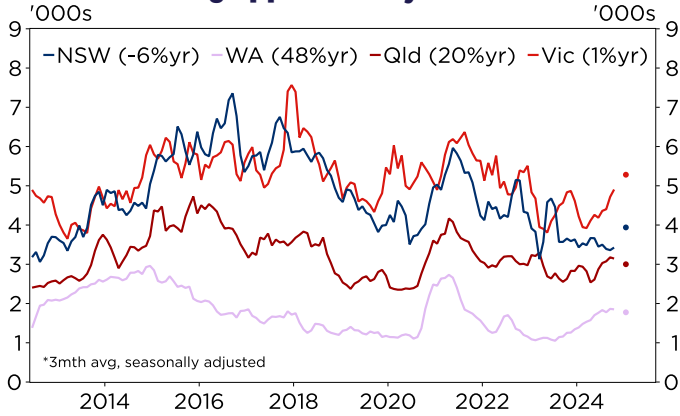
Dwelling approvals: detailed segment



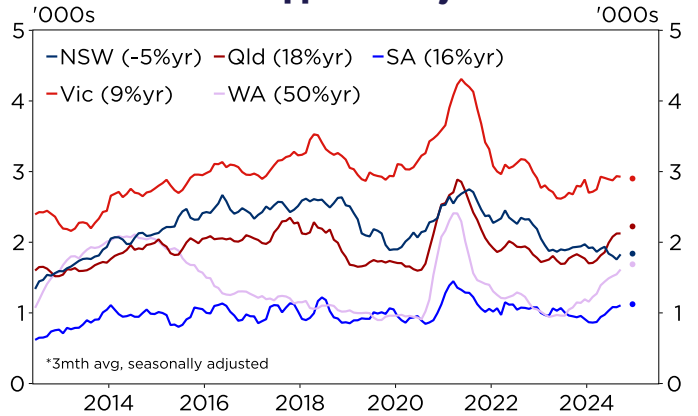
Source: ABS, Macrobond, Westpac Economics

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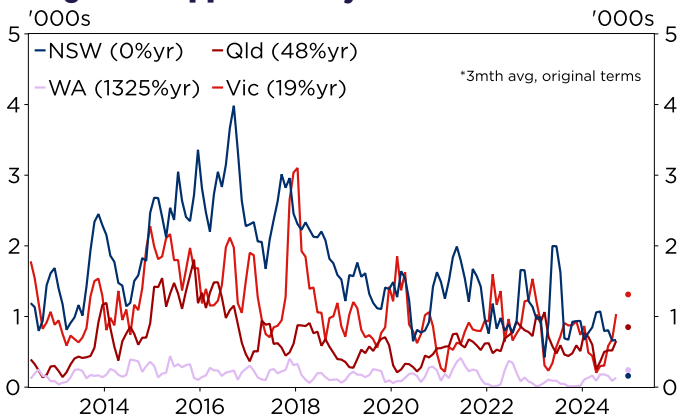
Total dwelling approvals: by state



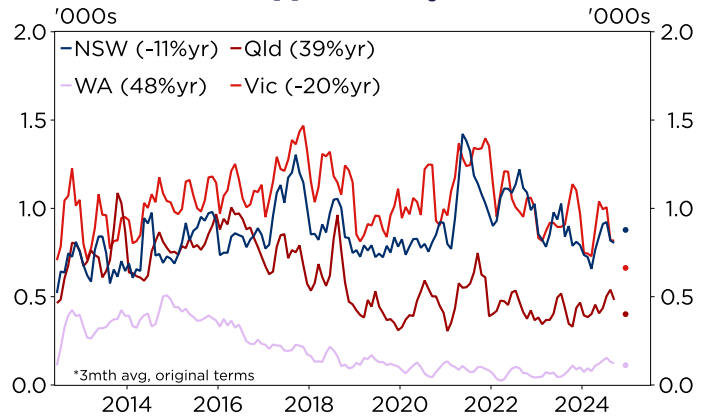
Detached house approvals: by state



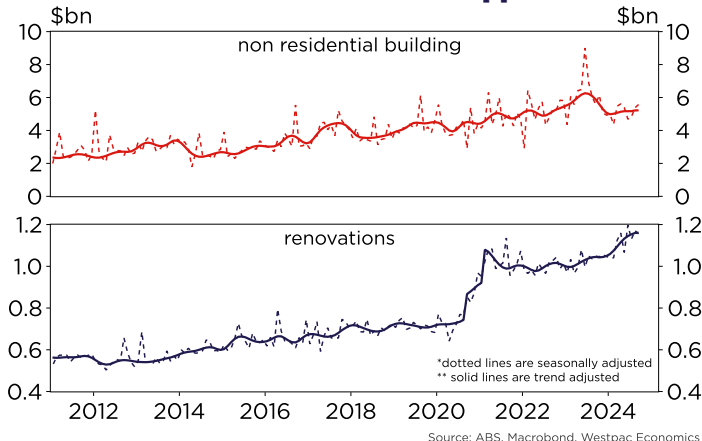
'High rise' approvals: by state



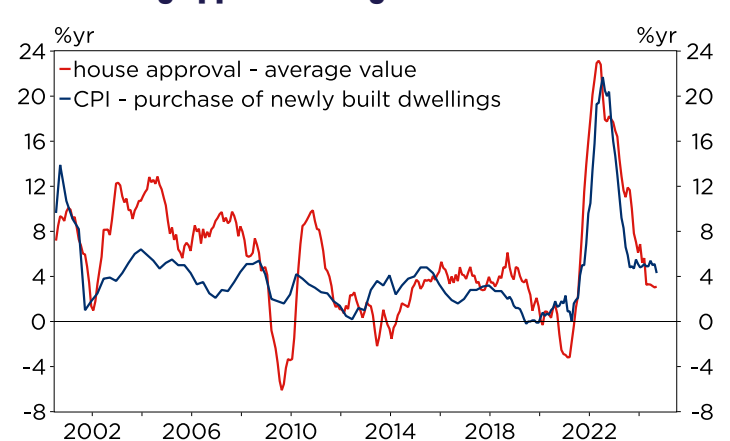
'Low-mid rise' approvals: by state



Value of renovation & non res approvals



Dwelling approvals: avg value



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