

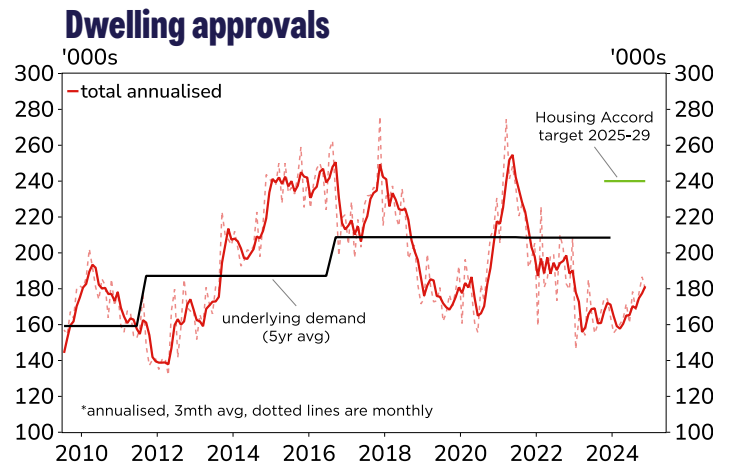
15 January 2025

AUSTRALIAN DWELLING APPROVALS BULLETIN

Recovery tracking a slow, shaky pace

Key points

- Total dwelling approvals declined 3.6% in November, retracing some of the gains over the previous two months. Approvals are up 3.2%yr. While there still looks to be an underlying up-trend it is neither strong nor convincing.
- The detail showed the November pull-back centred on units with weakness, both in units and more generally, a little more pronounced in NSW and Vic. Stepping back from the month-to-month noise, Qld, WA and SA are the only states where upturns look reasonably well established.



Total dwelling approvals
-3.6% mth,
+3.2% yr

Lacklustre month casts doubt on approvals upturn



Matthew Hassan
Head of Australian Macro-forecasting

Dwelling approvals declined 3.6% in November, pulling back after solid gains in November (+5.2%) and October (5.4%) but remaining consistent with an underlying up-trend. On a rolling 3mth basis, approvals are up 7.2% vs August and are 15% above the low in March 2024.

Annual growth is holding in the 5-6%yr range, a solid but unspectacular lift from what was a very low starting point – the 164k dwellings approved over the twelve months to June 2024 compares to a 10yr average of 203k and a 20yr average of 185k. At just 1.5% of existing dwellings, the rate of additions to the dwelling stock is coming off 75yr lows.

The latest monthly detail remains fairly mixed. Most of the figures in the table and in the accompanying charts show approvals in rolling three-month average terms.

Segment-wise, the November fall centred on units, down 10.8%*mth*, retracing just over half of the 24.8% jump in October. Unsurprisingly, the 'high rise' detailed segment has driven the swings, jumping 56% in October in non-seasonally adjusted terms retracing most of this in November. Any hints of improvement are still only faint and well within the range of monthly noise for this segment.

Meanwhile, private detached house approvals disappointed with a 1.7%*mth* decline extending on a 4%*mth* fall in October. Annual growth is still positive but the trend has flattened right out. The state detail shows a weakness centred on Vic but with house approvals showing a clear flattening out across all other major states as well.

The value of renovation approvals was essentially flat in November, quarterly momentum also slowing (to +9%*yr*). Against this, the value of non-residential building jumped 18.4% in the month. While quarterly approvals are still down slightly on a year ago (-1.3%*yr*), the monthly profile is showing a reasonably solid underlying uptrend. Note the cost escalation will be a factor in both of these approval measures. If new dwelling construction is a guide, inflation may be running around 6-8%*yr*, pointing to much slower growth in renovation 'volumes' and more material declines in non residential building.

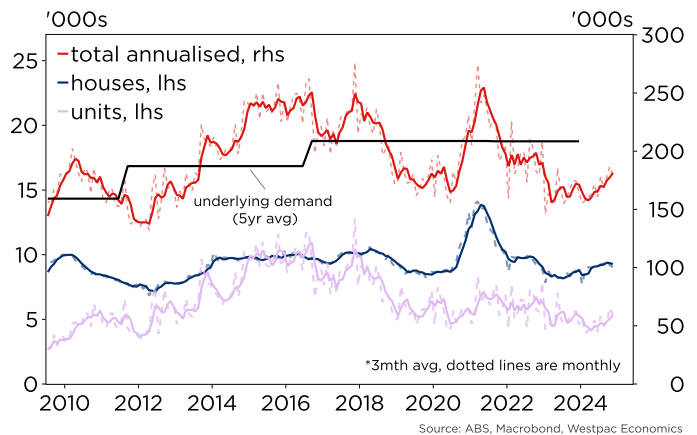
Overall, the November batch of approvals data was mildly disappointing, casting doubt on the modest upturn that formed through most of 2024. With wider housing markets also softening into year-end (see [here](#) for more) the 'front end' to the dwelling construction pipeline looks likely to remain subdued although activity will continue to be supported by clearing supply chains and a big backlog of unfinished work.

Building approvals – November 2024

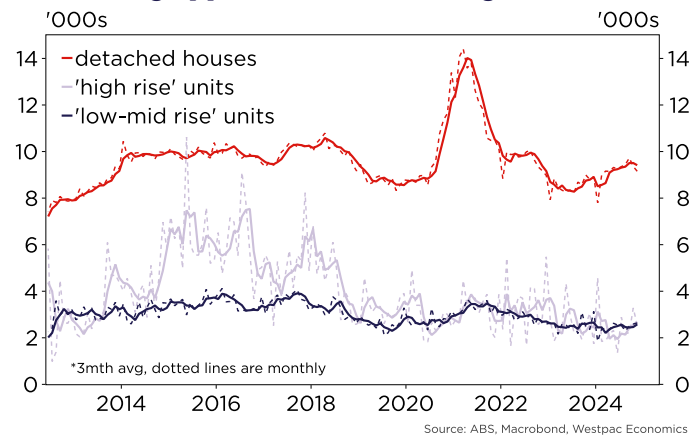
3mth avg	3mth %chg*			%yr	
	latest	Oct	Nov	Oct	Nov
Private houses	9,258	1.7	0.3	8.4	6.8
Private units	5,320	6.5	16.0	-1.7	-3.0
Public dwellings	535	52.0	90.7	102.8	180.3
Total dwellings	15,114	4.2	7.2	6.0	5.4
Total dwellings, mthly*	14,998	5.2	-3.6	6.8	3.2
– units in 'high rise'^	2,925	30.5	41.2	18.1	12.0
– units in 'low rise'^	2,525	-3.5	2.0	-4.7	-2.0
Renovations, \$bn	1.156	2.6	-1.0	11.3	9.0
Non-res., \$bn	5.557	5.9	10.3	-10.5	-1.3

*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

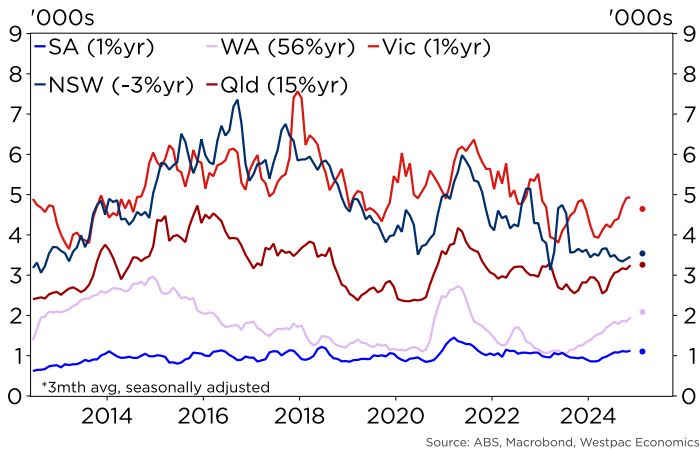


Dwelling approvals: detailed segment

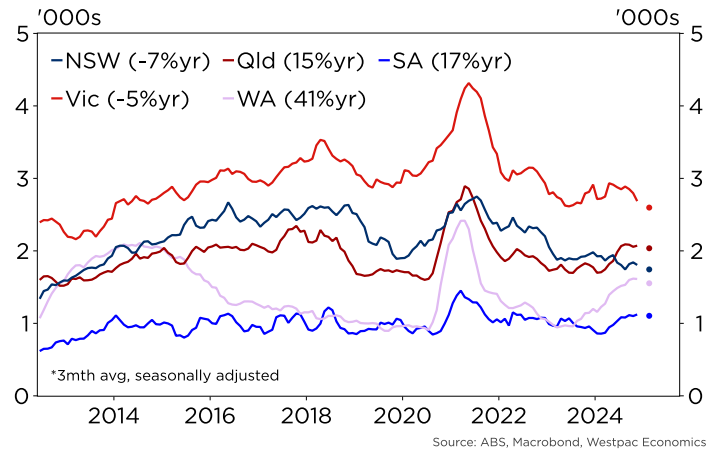


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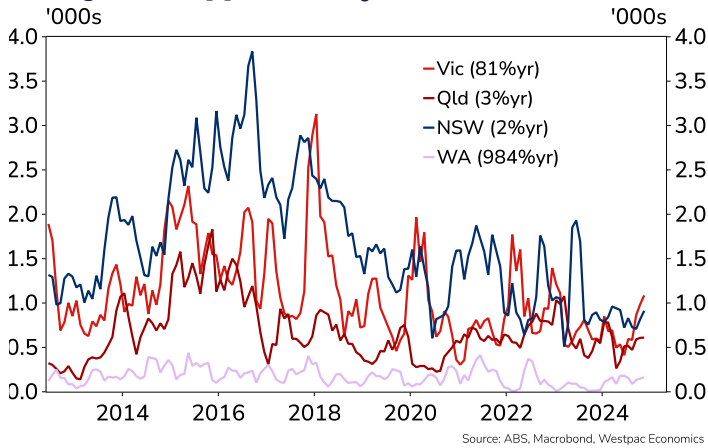
Total dwelling approvals: by state



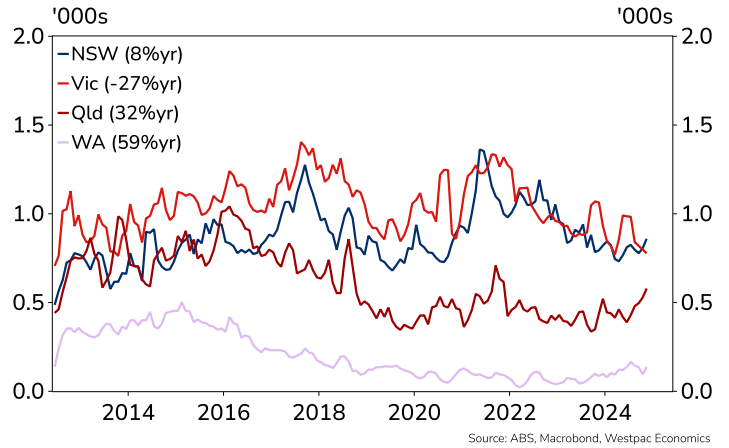
Detached house approvals: by state



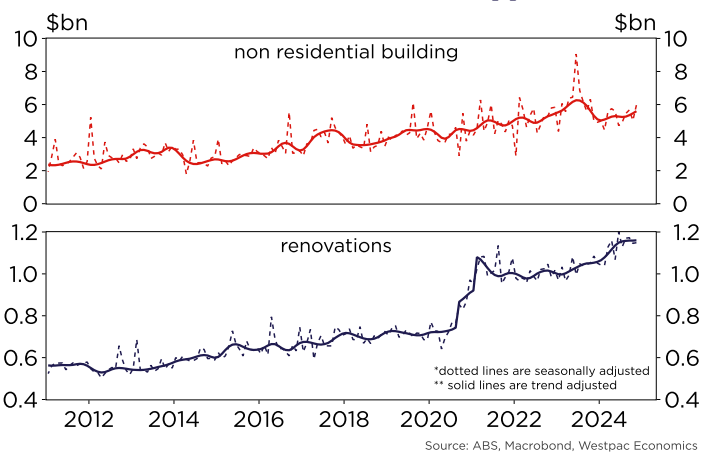
'High rise' approvals: by state



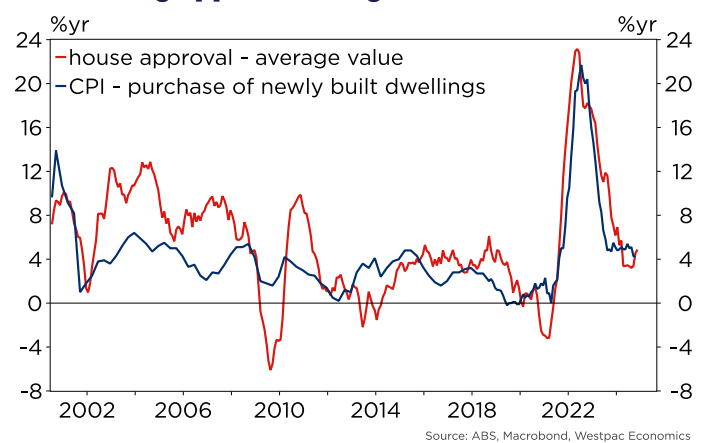
'Low-mid rise' approvals: by state



Value of renovation & non res approvals



Dwelling approvals: avg value



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