

3 February 2025

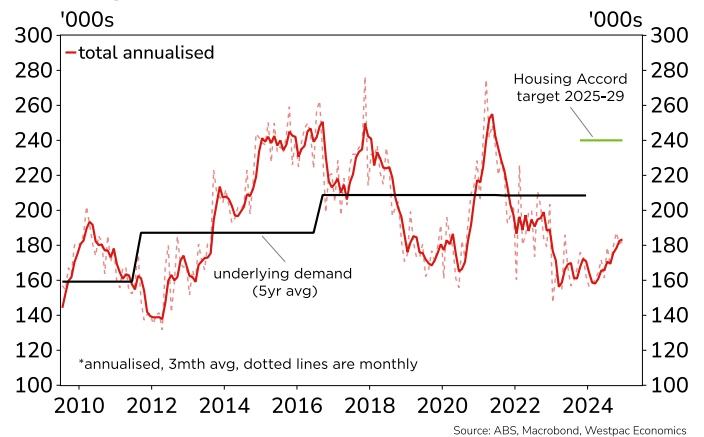
AUSTRALIAN DWELLING APPROVALS BULLETIN

Uptrend precariously placed as units dominate gains

Key points

- Total dwelling approvals rose 0.7% in December, only partly retracing a decline from November but still able to keep broader uptrend in place.
- However, the underlying composition of approvals has grown uneven, with virtually all current momentum driven by volatile private units, as private detached houses recorded its third consecutive monthly decline.
- While greater-than-usual seasonal volatility may be at play, as is often the case over the December/January period, the latest data does little to dissuade recent uncertainty about the sustainability of the current uptrend in dwelling approvals.

Dwelling approvals



Total dwelling approvals
+0.7% mth,
+12.2% yr

Uptrend persists, but composition grows more uneven



Ryan Wells
Economist

Total dwelling approvals printed broadly in line with expectations, rising 0.7% in December following a larger decline in November (-3.4%). On a rolling three-month basis, approvals have lifted 4.5% since September, and 16% since March's low. That said, the underlying composition has become increasingly fragile, suggesting the general uptrend that emerged over last year is precariously placed.

Segment-wise, we have noted that private units have been the chief culprit driving the uptrend of late – a segment often prone to volatile monthly swings – while the usually more stable detached house segment has trailed at a more modest pace. While the strength in private units looks to have carried through to December, private detached houses disappointed once again, cementing an outright turnaround into contraction as the year drew to a close. This casts some doubt over the sustainability of the broader uptrend that formed over 2024, with the component mix skewing more toward volatile units.

However, it is important to note that the December/January period is usually more volatile anyway, given local government shutdowns over the holiday break. To try and account for this, most of the figures in the table and in the accompanying charts show approvals in rolling three-month average terms, although the picture should (hopefully) be clearer once the full wash-up from January is published.

Private units bounced back 15.2% in December, more than retracing November's decline (-10.4%) which followed a solid October (+25.9%), marking a volatile finish to the year. All-up, private units are 20.4% (+12.7%yr) higher on a rolling three-month basis, and is now clearly the only contributor to current momentum. The upturn is centred on NSW and Qld, with momentum fading in Vic. Swings in 'high-rise' units continue to dominate monthly moves, although 'low-mid rise' units are also tracking higher, each segment up 34.2% and 4.8% on a rolling three-month seasonally adjusted basis respectively.

Meanwhile, private detached house approvals once again disappointed with a -3.0% decline in December, marking the third consecutive month of declines and seeing annual growth turn negative (-1.8%yr). This was broad-based across the nation, with only NSW recording an increase.

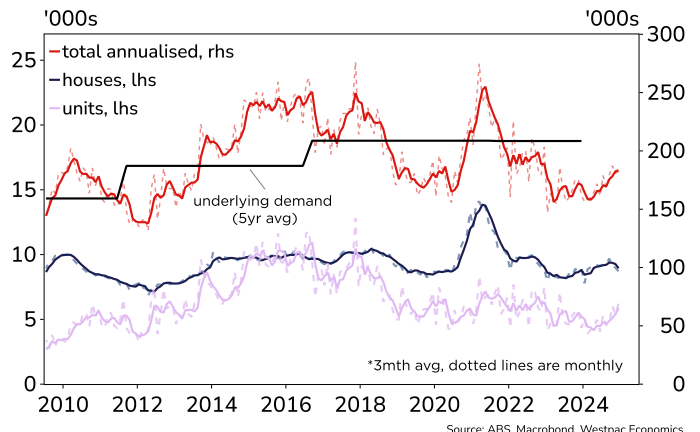
While today's update might just be one half of the story, with January's data likely to add vital colour to the seasonal volatility over the summer break, the multi-month pull-back in detached house approvals into year-end certainly questions the sustainability of the current uptrend in total dwelling approvals. On the question of whether recent momentum in unit approvals could be enough to outlast the soft patch in detached house approvals, or if the growth in total dwelling approvals is indeed at risk of flatlining: only time will tell.

Building approvals – December 2024

3mth avg	3mth %chg*			%yr	
	latest	Nov	Dec	Nov	Dec
Private houses	8,944	0.7	-4.8	7.2	1.4
Private units	5,873	16.3	20.4	-2.2	12.7
Public dwellings	467	93.6	30.3	190.2	119.1
Total dwellings	15,284	7.7	4.5	6.0	7.3
Total dwellings, mthly*	15,174	-3.4	0.7	3.6	12.2
– units in 'high rise'^	3,285	41.4	34.2	12.2	41.0
– units in 'low rise'^	2,605	2.6	4.8	-0.8	0.8
Renovations, \$bn	1.134	-0.8	-1.9	9.3	6.3
Non-res., \$bn	5.925	10.5	10.1	-0.9	9.7

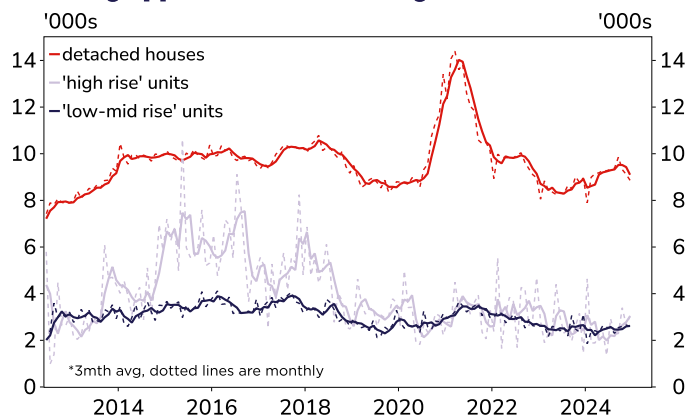
*figures for 'total dwellings mthly' are monthly and mthly%ch, all others are rolling 3mth avg and 3mth%ch; ^all sectors, Westpac estimates
Sources: ABS, Westpac Economics

Dwelling approvals: major segment



Source: ABS, Macrobond, Westpac Economics

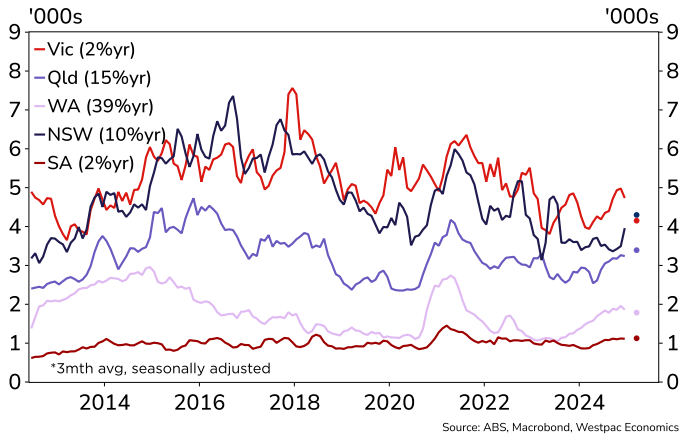
Dwelling approvals: detailed segment



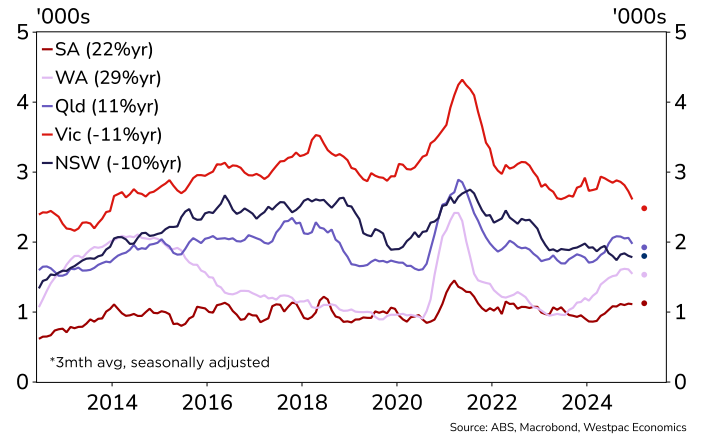
Source: ABS, Macrobond, Westpac Economics

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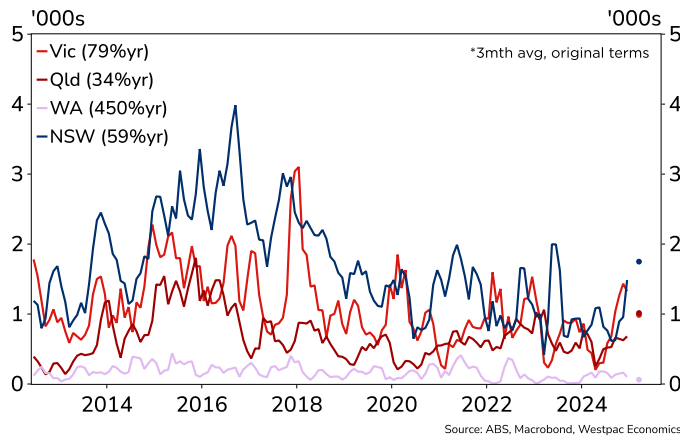
Total dwelling approvals: by state



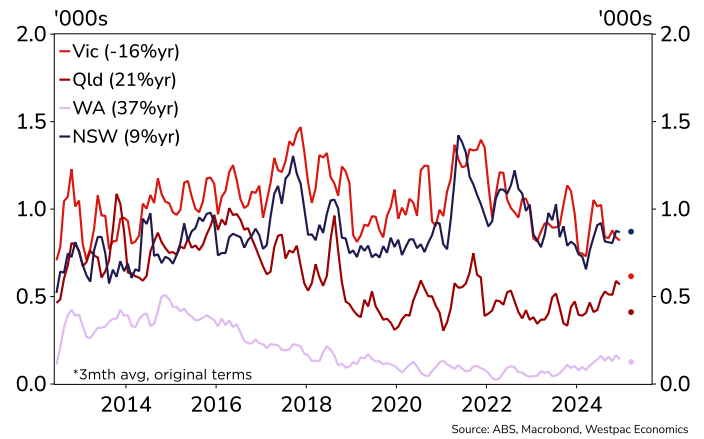
Detached house approvals: by state



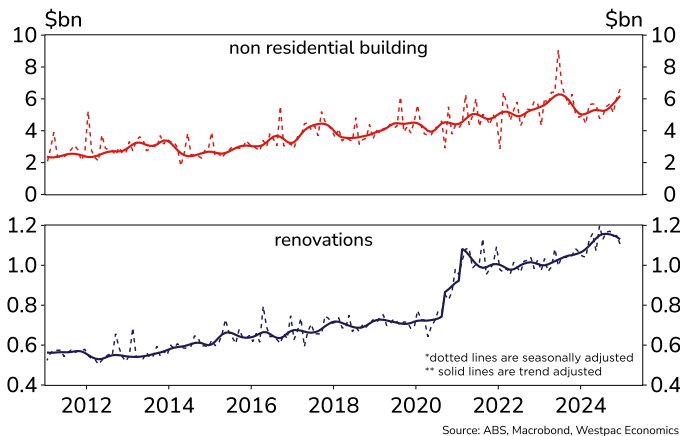
'High rise' approvals: by state



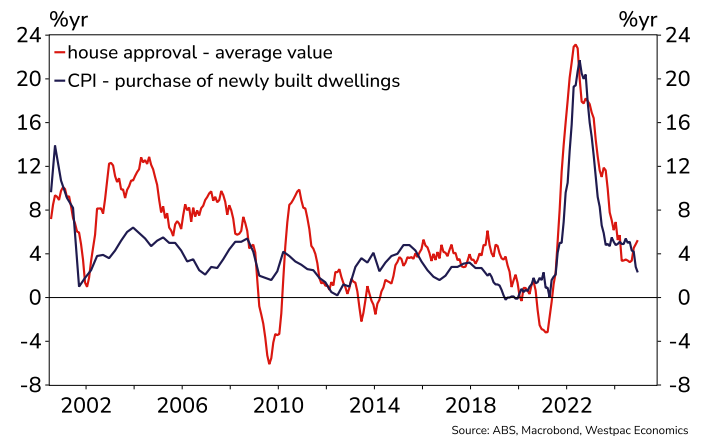
'Low-mid rise' approvals: by state



Value of renovations & non-res approvals



Dwelling approvals: average value



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Corporate Directory

Westpac Economics / Australia

Sydney
Level 19, 275 Kent Street
Sydney NSW 2000
Australia

E: economics@westpac.com.au

Luci Ellis
Chief Economist Westpac Group
E: luci.ellis@westpac.com.au

Matthew Hassan
Head of Australian Macro-Forecasting
E: mhassan@westpac.com.au

Elliot Clarke
Head of International Economics
E: eclarke@westpac.com.au

Justin Smirk
Senior Economist
E: jsmirk@westpac.com.au

Pat Bustamante
Senior Economist
E: pat.bustamante@westpac.com.au

Mantas Vanagas
Senior Economist
E: mantas.vanagas@westpac.com.au

Ryan Wells
Economist
E: ryan.wells@westpac.com.au

Illiana Jain
Economist
E: illiana.jain@westpac.com.au

Jameson Coombs
Economist
E: jameson.coombs@westpac.com.au

Neha Sharma
Economist
E: neha.sharma1@westpac.com.au

Westpac Economics / New Zealand

Auckland
Takutai on the Square
Level 8, 16 Takutai Square
Auckland, New Zealand

E: economics@westpac.co.nz

Kelly Eckhold
Chief Economist NZ
E: kelly.eckhold@westpac.co.nz

Michael Gordon
Senior Economist
E: michael.gordon@westpac.co.nz

Darren Gibbs
Senior Economist
E: darren.gibbs@westpac.co.nz

Satish Ranchhod
Senior Economist
E: satish.ranchhod@westpac.co.nz

Paul Clark
Industry Economist
E: paul.clarke@westpac.co.nz

Westpac Economics / Fiji

Suva
1 Thomson Street
Suva, Fiji

Shamal Chand
Senior Economist
E: shamal.chand@westpac.com.au



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