

6 May 2025

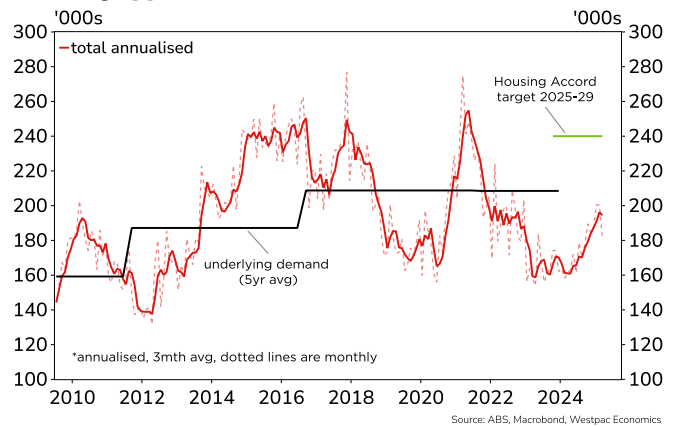
AUSTRALIAN DWELLING APPROVALS BULLETIN

Uptrend looking more subdued

Key points

- Total dwelling approvals dropped back sharply in March, an 8.8% fall coming in well below consensus expectations of a 0.6% decline and Westpac's -1.5% forecast.
- Weakness was broadly based but more pronounced for 'units' which had led most of the gains in previous months.
- The result was not weather-related, with Vic and WA recording the largest falls.
- The value of renovation approvals dipped -0.7%*mth* in March, while the value of non-residential buildings approved jumped 46%*mth*, partially bouncing back from a big fall in Jan-Feb. Both are trending about flat, implying declines in real, inflation-adjusted terms.

Dwelling approvals



**Total dwelling approvals
-8.8%*mth*,
+13.4%*yr***

Unit surge unwinds, underlying uptrend looks mild at best



Matthew Hassan
Head of Australian Macro-Forecasting

Total dwelling approvals recorded a bigger than expected 8.8% fall in March, coming off a 0.2% dip in Feb and an 8.7% surge through Dec-Jan. While size of the monthly pull back surprised, some weakness was expected given the strong gains in previous months were concentrated in 'units' which were prone to lumpiness and were unlikely to be entering a sustained upturn. That said, total approvals are still up comfortably on a year ago. Indeed, even with the March fall, approvals are still tracking above where we expect them to land for 2025 as a whole.

Most of the figures in the table and accompanying charts show approvals in a rolling three-month average basis to tone down the month-to-month volatility.

Segment-wise, weakness in the month was broadly based. Private house approvals fell 4.5%*mth*, private 'units' down 15.1%*mth* but coming of a strong run in previous months. Within 'units' our estimates suggest 'high rise' approvals were down over 20%*mth* in seasonally adjusted terms while the much smaller 'low rise' segment looks to be up over 20%*mth*.

For Q1 as a whole, total approvals were still up 3.8%*qtr*, 20.8%*yr*. Private house approvals were down 1.3%*qtr*, annual growth tracking a much slower 3.8%*yr*. Units were up 14.6%*qtr*, 53.6%*yr*, dominated by a big rise for 'high rise'. The question of course is whether this is a transitory rise, perhaps from delayed projects coming through, or whether further gains can be expected. At this stage we suspect it is mostly the former with private house approvals and low rise approvals giving a better gauge of ongoing trends.

By state, the March pull-back centred on Vic (-31%*mth*) and WA (-20%) with NSW (+19.6%*mth*) and Qld (+5.8%*qtr*) posting solid gains despite Cyclone Alfred. On a quarterly basis, SA (+17.4%*qtr*, 49%*yr*) and NSW (12.1%*qtr*, 25.8%*yr*) and WA (6.9%*qtr*, 27%*yr*). Excluding high rise, approvals have held on to a lift in NSW but look flat/soft across the other major states.

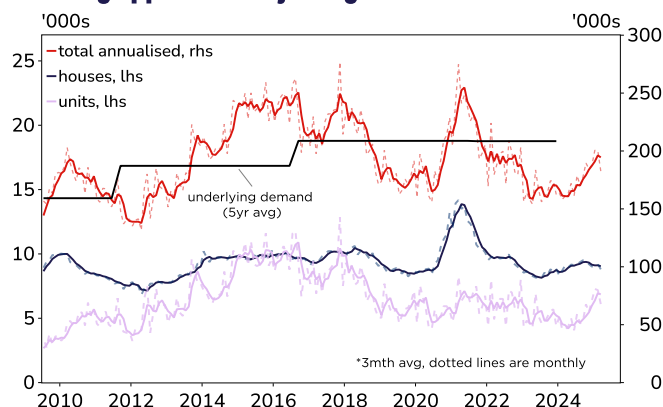
The value of renovation approvals declined -0.7%*mth* but was up slightly on a three-month average basis (+1.3%*qtr*, +9.2%*yr*). The value of non-residential building approvals bounced 46% in the month but was still down 8%*qtr*, annual growth slowing to 11.7%*yr*. In trend terms both are tracking about flat, implying likely declines in the underlying volume of activity.

Building approvals – March 2025

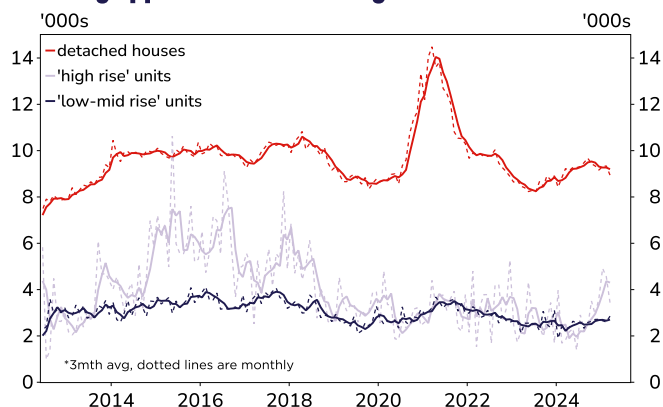
3mth avg	3mth %chg*			%yr	
	latest	Feb	Mar	Feb	Mar
Private houses	9,046	-2.3	-1.3	5.8	3.8
Private units	6,857	27.2	14.6	53.0	53.6
Public dwellings	304	-47.2	-34.6	-1.4	25.2
Total dwellings	16,207	6.7	3.8	21.5	20.8
Total dwellings, mthly*	15,220	-0.2	-8.8	26.5	13.4
– units in 'high rise'^	4,311	43.4	22.4	76.7	69.2
– units in 'low rise'^	2,775	3.4	3.6	9.1	23.4
Renovations, \$bn	1.169	-0.3	1.3	10.8	9.2
Non-res., \$bn	5.647	2.3	-8.0	20.3	11.7

*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

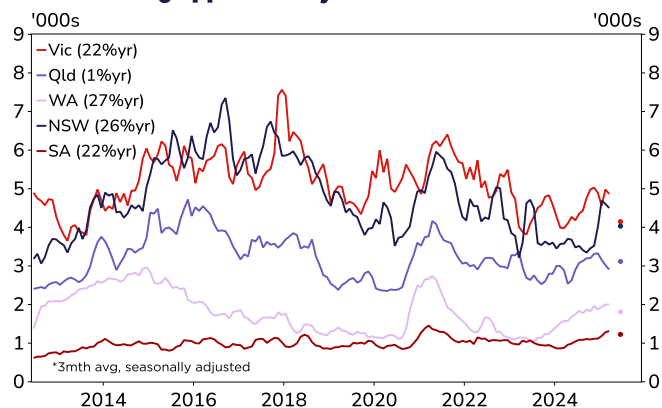
Dwelling approvals: major segment



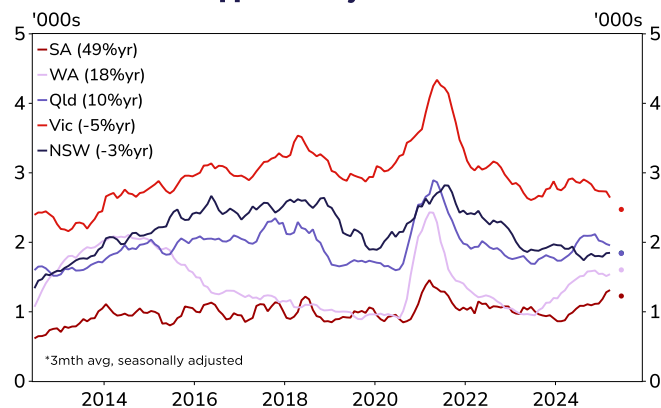
Dwelling approvals: detailed segment



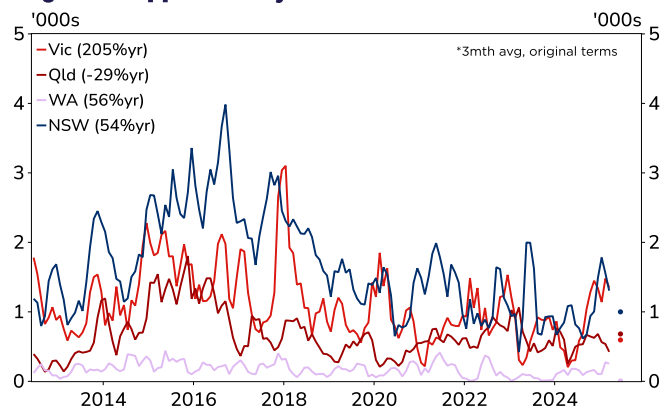
Total dwelling approvals: by state



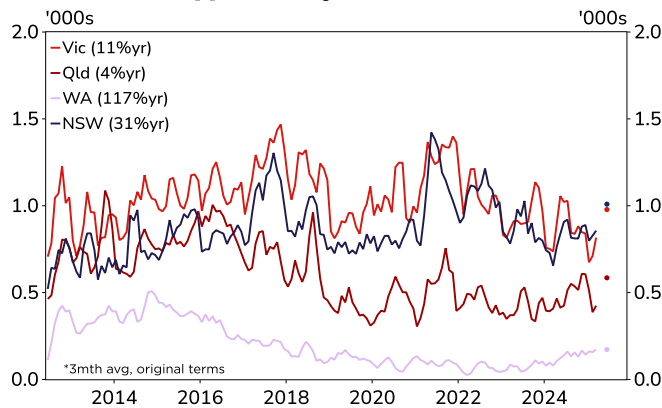
Detached house approvals: by state



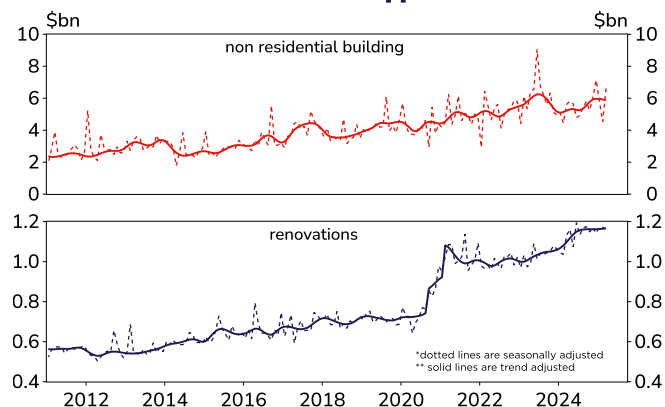
'High rise' approvals: by state



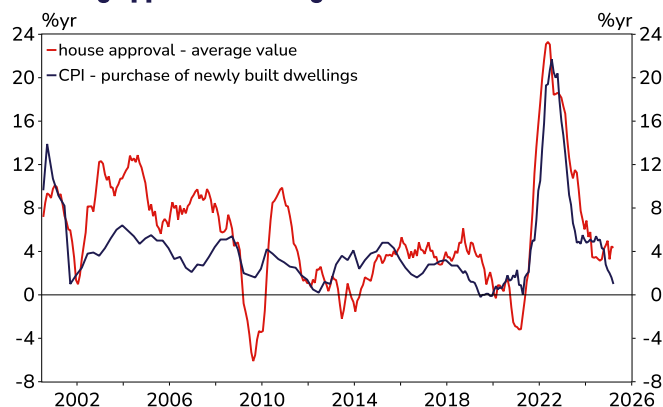
'Low-mid rise' approvals: by state



Value of renovations & non-res approvals



Dwelling approvals: average value





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