

2 July 2025

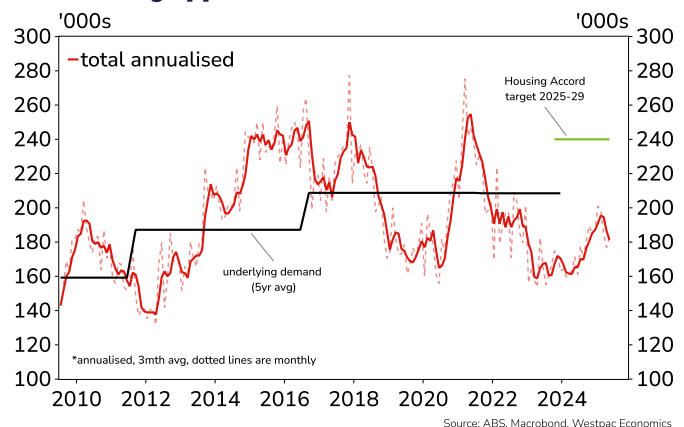
AUSTRALIAN DWELLING APPROVALS BULLETIN

Which way next?

Key points

- Total dwelling approvals ticked up 3.2% in May, broadly in line with expectations.
- The rise follows a 12% slide through Jan-Apr and a 23% upturn over the twelve months prior to that. The net effect still has approvals up 6.5% on a year ago although momentum is less clear.
- Recent swings continue to be led by 'units' with detached house approvals relatively steady. The May month saw an 11% bounce in private unit approvals while private detached house approvals rose just 0.5%.
- Most states have shown a lack of direction in H1 2025 although SA, WA and Qld have shown stronger gains over the last year. Total building approvals, in value terms (including non residential) have also seen strong growth over the year in Vic.
- Overall, dwelling approvals remain broadly consistent with our expectations for 2025.

Dwelling approvals



**Total dwelling approvals
3.2%*mth*,
+6.5%*yr***

Promising upturn losing its way?



Matthew Hassan

Head of Australian Macro-Forecasting

Dwelling approvals rose 3.2% in May, broadly in line with expectations. The rise follows a 12% pull-back over the previous three months that in turn was following a 23% survey over the twelve months before that. The swings have large centred on units with private detached house approvals relatively stable. While the May gain suggests the unwind is now over, there is now no clear direction to activity.

Note 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.

Private unit approvals led the monthly gain, rising 11.3%*mt* to be up 11.9%*yr*. That is despite a 30% pull-back over the previous three months. The more granular detail shows the swings have centred on the lumpy 'high rise' segment. The latest month showed a jump in NSW.

Private detached houses posted a slight 0.5% gain in the month. While the trend is positive it is not particularly strong or convincing.

The state detail also points to mixed conditions and a lack of direction. Setting 'high rise' approvals to one side, the remainder shows solid double-digit annual growth in non high rise approvals for SA, WA and Qld but a slower pace in NSW and a modest decline in Vic. However, where there has been growth, it has become more questionable over the last six months, the main exception being SA.

Renovation approvals are also looking lacklustre. While the value of renovation approvals posted a reasonable 3.2% in May, an improvement on the sideways drift over the last six months, momentum is still unconvincing. The picture around non-residential building is more positive but also more volatile, the value of non-residential building approvals dropping 22% in May but still up 20%+ on a rolling 3*mt* average basis.

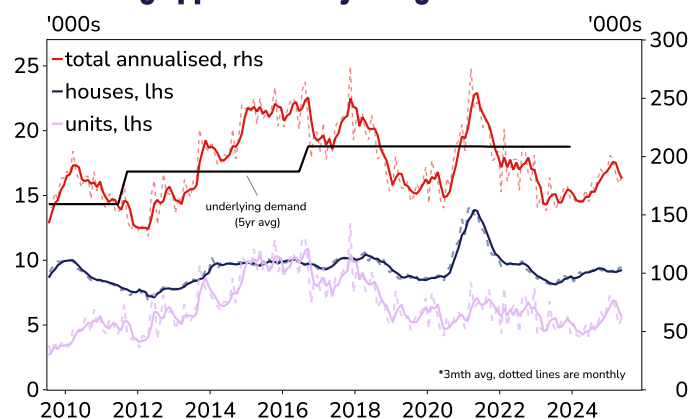
On a combined basis, the total value of building approvals (including residential and non-residential approvals and higher average values across both segments) over the last 3*mt*s is still up a robust 19%*yr*, with Vic, WA and SA all tracking 30%+ gains. And for dwellings, the overall level of approval numbers is still reasonably firm, tracking in line with our forecast of around 175k for 2025 compared to 170k in 2024 and 165k in 2025. That said, the lack of direction for monthly approvals since the start of the year suggest the growth pulse is fading. Interest rate cuts may restart momentum over time, but this often takes a quarter or two to have a meaningful effect on approvals.

Building approvals – May 2025

3 <i>mt</i> avg	3 <i>mt</i> %chg*			%yr	
	latest	Apr	May	Apr	May
Private houses	9,249	0.5	1.3	2.6	2.1
Private units	5,585	-4.4	-19.0	43.2	23.9
Public dwellings	271	-28.5	4.0	9.8	30.1
Total dwellings	15,104	-2.3	-7.2	15.6	9.7
Total dwellings, <i>mt</i> ly*	15,212	-4.1	3.2	8.0	6.5
– units in 'high rise'^	2,990	-12.5	-29.4	66.2	35.6
– units in 'low rise'^	2,958	8.3	8.6	24.9	20.8
Renovations, \$bn	1.194	1.0	1.7	6.2	6.6
Non-res., \$bn	7.012	0.3	18.4	22.3	22.2

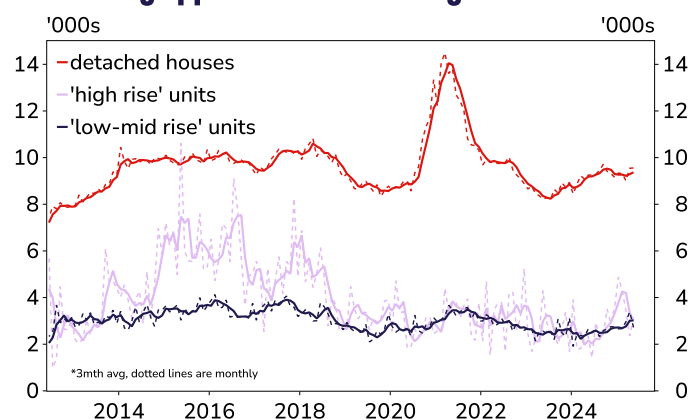
*figures for 'total dwellings *mt*ly' are monthly and *mt*ly%*ch*, all others are rolling 3*mt* avg and 3*mt*%*ch*; ^all sectors, Westpac estimates
Sources: ABS, Westpac Economics

Dwelling approvals: major segment



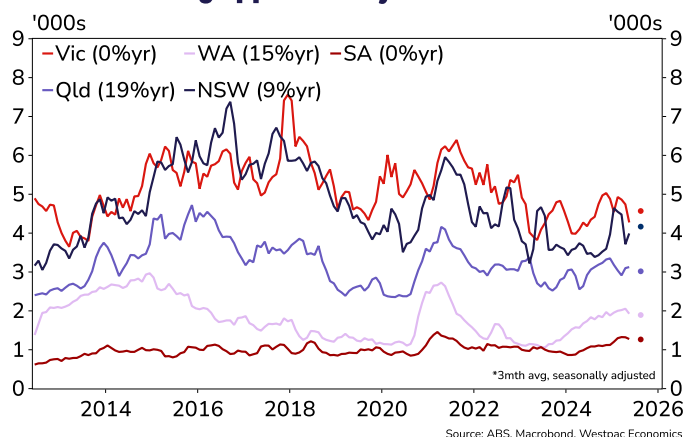
Source: ABS, Macrobond, Westpac Economics

Dwelling approvals: detailed segment

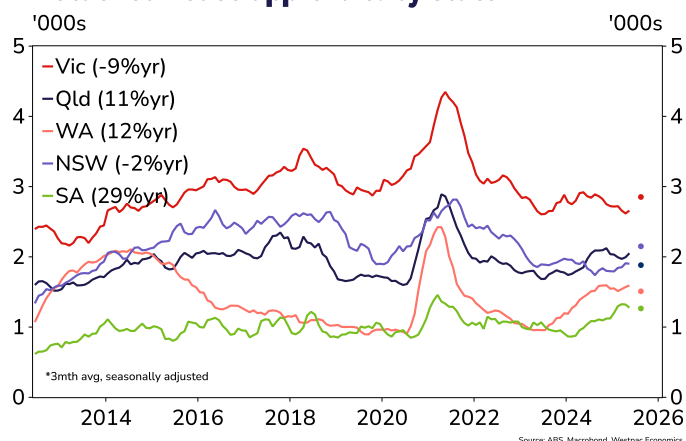


Source: ABS, Macrobond, Westpac Economics

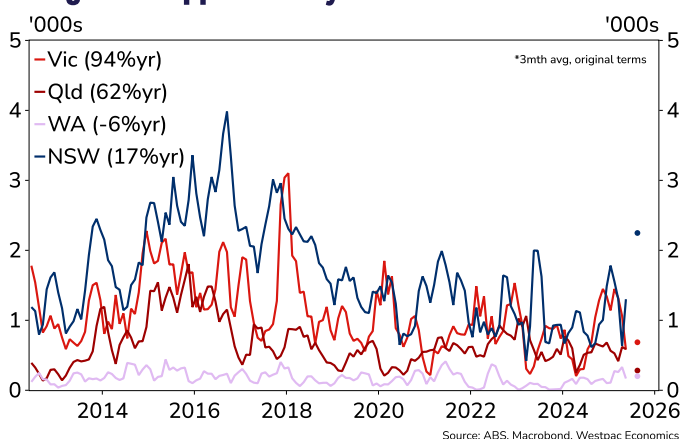
Total dwelling approvals: by state



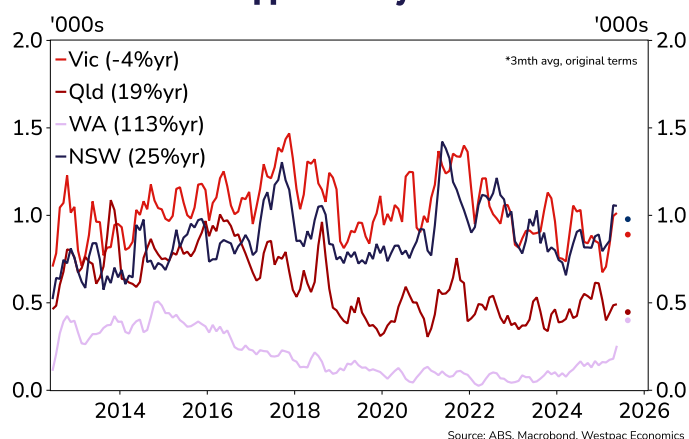
Detached house approvals: by state



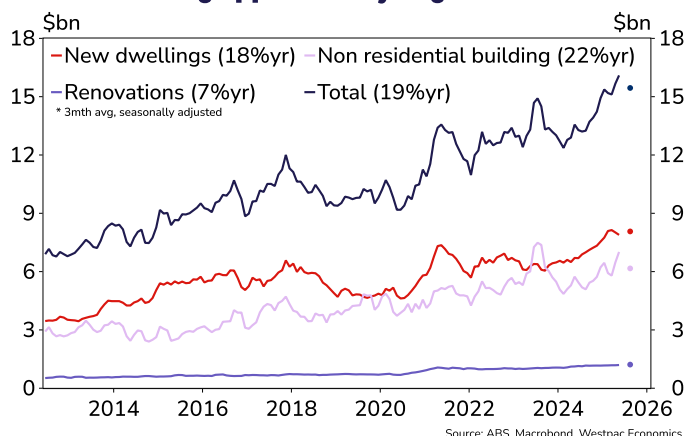
'High rise' approvals: by state



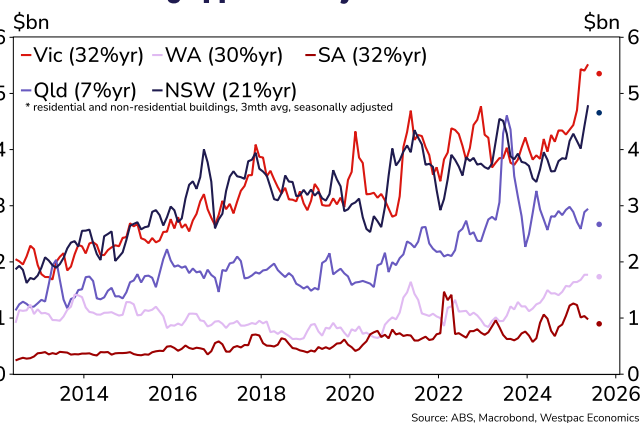
'Low-mid rise' approvals: by state



Total building approvals: by segment



Total building approvals: by state





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