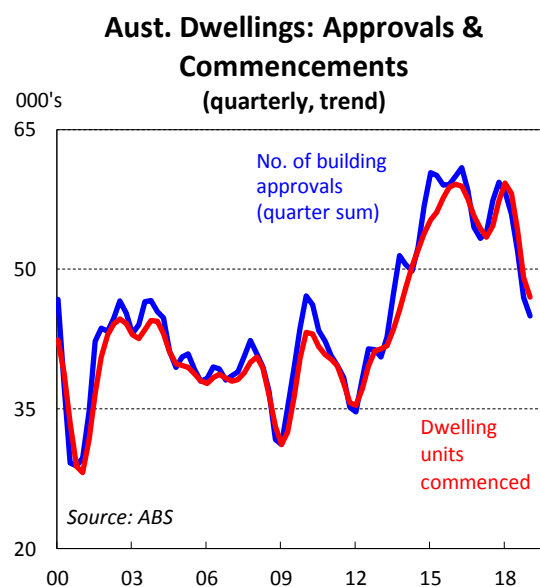
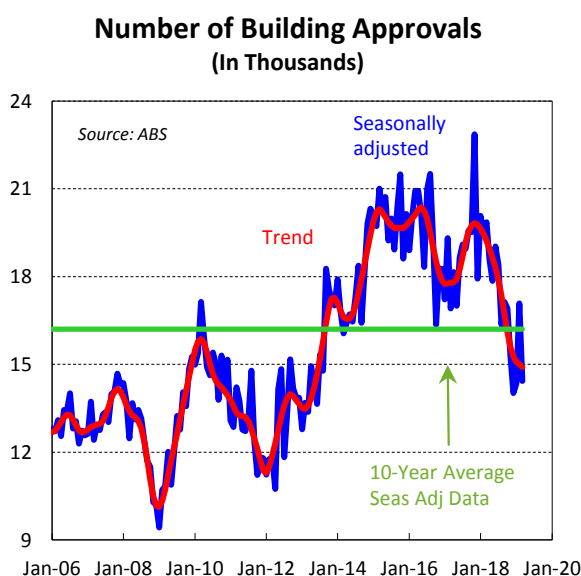


Friday, 3 May 2019



Building Approvals Downward Trend Resumes

- Building approvals unsurprisingly retreated in March dropping 15.5%, and mostly reversing a 19.1% surge in February. The number of approvals has fallen back to below the 20-year average. Today's data confirms that the jump in February was a one-off and that the downward trend in approvals remains intact.
- The large swings in recent months were driven by the 'other' approvals category, which includes apartments, particularly in NSW and Victoria.
- Approvals in both private sector 'other' and private sector houses sit significantly below their recent peaks, down 55.8% and 17.9%, respectively.
- Building approvals in all States stood below their long-run average except for Tasmania. It corresponds with Hobart's outperforming housing market.
- Looking through recent volatility, the downward trend in building approvals remains intact. It continues to point to dwelling investment dragging on economic growth this year. While there have been some tentative signs of stabilising, indicators continue to suggest that housing conditions remain weak. The downturn in housing continues to be one of the key downside risks to the domestic economy.



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Today's data confirms that the jump in February was a one-off and that the downward trend in approvals remains intact.

The large swings in recent months were driven by the 'other' approvals category, which includes apartments, particularly in NSW and Victoria. Private sector other dwellings declined 30.6% in March, following a 64.5% gain in February.

Meanwhile, private sector approvals for houses have been on relatively steady decline, dropping in four out of the last five months. The weakness is consistent with other housing indicators which point to soft conditions. In March, approvals for private sector houses declined 3.2%, after a 3.4% fall in February.

Approvals in both private sector 'other' and private sector houses sit significantly below their recent peaks, down 55.8% and 17.9%, respectively.

By State

NSW and Victorian approvals led the decline over March, offsetting sizeable gains in February. NSW Approvals fell 27.4% in March, following a 26.8% gain in February. In Victoria, approvals dropped 27.0%, following a 38.0% lift in February.

Approvals also fell in Queensland (-2.4%) and South Australia (-2.0%). Western Australia (4.8%) and Tasmania (18.6%) were the only States where approvals increased.

Building approvals in all States stood below their long-run average except for Tasmania. It corresponds with Hobart's outperforming housing market.

Outlook

Looking through recent volatility, the downward trend in building approvals remains intact. It continues to point to dwelling investment dragging on economic growth this year.

While there have been some tentative signs of stabilising, indicators continue to suggest that housing conditions remain weak. The downturn in housing continues to be one of the key downside risks to the domestic economy.

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