



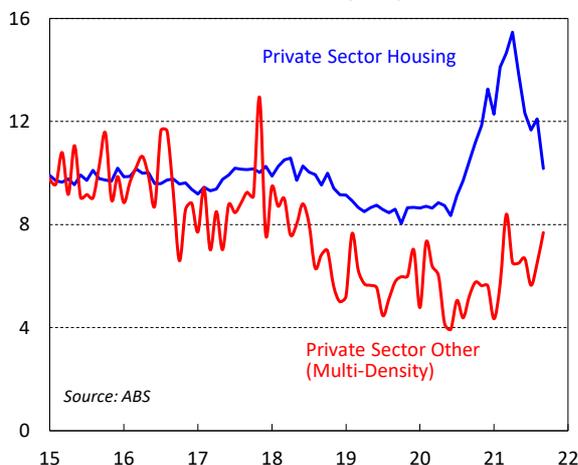
Wednesday, 3 November

Building Approvals

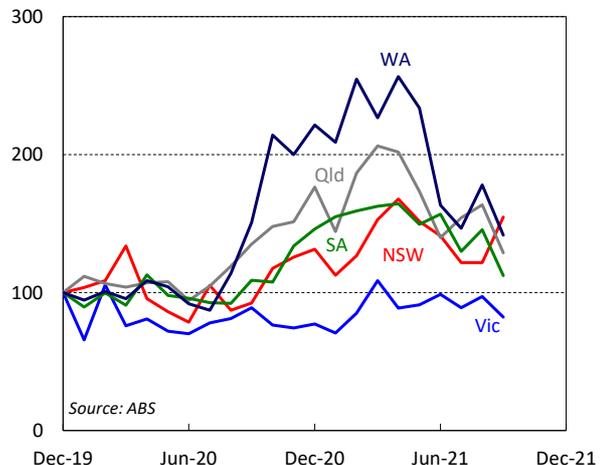
Largest Housing Approvals Fall Since 2000

- Residential building approvals fell in September. The number of total residential building approvals fell by 4.3% in September. Approvals have declined for five out of the past six months.
- The decline was driven by a plunge in private sector house approvals (-16.0%). This is the largest monthly drop since June 2000, immediately prior to the introduction of the GST, and the second largest monthly decline on record.
- Private sector house approvals were down 34.2% from their record highs in April 2021. The decline has been driven by the unwinding of the bring-forward effect from stimulus measures, such as HomeBuilder. Delta-related lockdowns likely also contributed to the fall in September.
- Reflecting the continued unwind of policy stimulus, private sector house approvals were down by more than 10% across all states. SA (-26.8%) recorded the biggest fall, followed by Victoria (-18.0%), Queensland (-16.0%), NSW (-13.9%) and WA (-12.2%).
- The fall was partially offset by an increase (18.1%) in private multi-density dwellings (i.e. apartments and townhouses). The increase was driven by a large spike in approvals of new apartment developments in NSW.
- Demand is strong and dwelling approvals remain elevated relative to pre-pandemic levels. The unwinding of policy effects may have further to run. However, the pipeline of construction activity remains robust. This will support jobs and economic growth as the economy recovers from the Delta downturn over the coming year.

Number of Building Approvals
(in 000's, seasonally adjusted)



Private Building Approvals
(Dec 19 = 100, seasonally adjusted)



Residential building approvals fell in September, recommencing the decline seen over recent months. The number of total residential building approvals fell by 4.3% in September. Approvals have declined for five out of the past six months. Residential building approvals have declined by 23.1% since their all-time high in March 2021. However, approvals remain elevated, at 14.0% above pre-pandemic levels as of December 2019.

The decline in September was driven by a sharp drop in private sector house approvals, which plummeted 16.0% in the month. This is the largest monthly drop since June 2000, immediately prior to the introduction of the GST, and the second largest monthly decline on record. Private sector house approvals were down 34.2% from their record highs in April 2021. The decline has been driven by the unwinding of the bring-forward effect from government stimulus measures, such as HomeBuilder. Delta-related lockdowns likely also contributed to the fall in September. However, private sector house approvals remain 17.3% above pre-pandemic levels.

The fall in private sector house approvals was partially offset by an increase in private multi-density dwellings (i.e. apartments and townhouses). Multi-density dwelling approvals rose by 18.1% in September, the second consecutive month of growth, to be 47.2% higher over the year. However, this segment is volatile. The increase was driven by a large spike in approvals of new apartment developments in NSW.

Public sector building approvals fell sharply in the month (-20.8%). However, these make up a small share of total approvals and are volatile from month to month.

By state, total building approvals were down in all states, except for NSW. Approvals fell by more than 20% in SA (-22.7%), Queensland (-21.5%), and WA (-20.9%). Victoria (-15.7%) and Tasmania (-11.8%) also declined. Approvals in NSW rose by 27.2%, driven by the increase in multi-density dwelling approvals. Despite the falls, approvals remain above pre-pandemic levels in most states. Victoria and Tasmania are the exceptions.

Reflecting the continued unwind of policy stimulus, private sector house approvals were down by more than 10% across all states. SA (-26.8%) recorded the biggest fall, followed by Victoria (-18.0%), Queensland (-16.0%), NSW (-13.9%) and WA (-12.2%).

The value of non-residential building approvals fell by 11.3% in September. However, this is a highly volatile series.

Outlook

The unwinding of policy effects continues to impact residential building approvals. Delta-related lockdowns have also contributed to uncertainty over recent months. However, demand is strong and dwelling approvals remain elevated relative to pre-pandemic levels.

There is a large pipeline of construction activity as a result of the sharp run up in approvals over much of 2020 and early 2021. This will support jobs and economic growth as the economy recovers from the Delta downturn over the coming year.

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