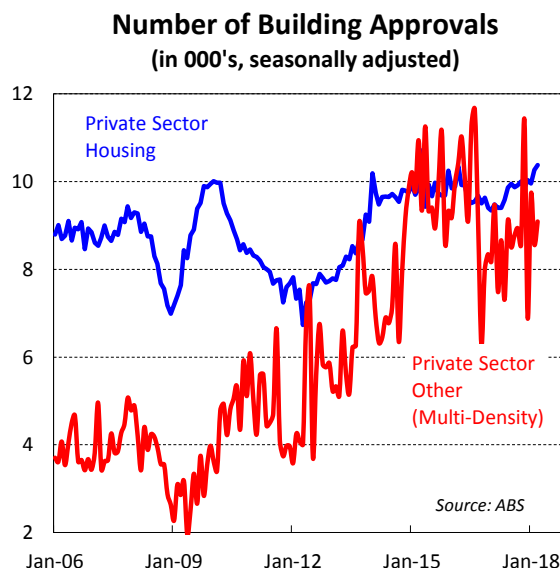
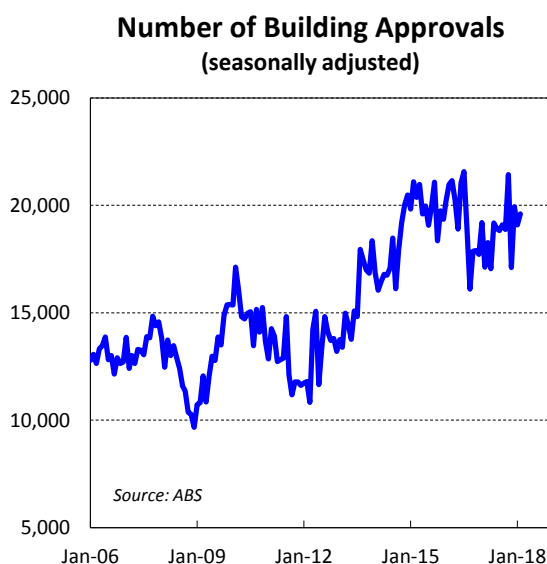


Building Approvals Treading Water

- Building approvals rose by 2.6% in March, partially reversing a fall of 4.2% in February. On a year ago, building approvals are 14.5% higher, which is the fastest annual rate in four months.
- Despite the increase in March, a slowdown in the dwelling cycle remains in place. Building approvals peaked in August 2016, but the slowdown in the dwelling construction cycle is a very gradual one. Building approvals are only 9.1% away from the peak.
- In March, the modest gain in approvals was driven by a 7.3% increase in Victoria. Building approvals declined in most States over the month, including NSW (-12.0%), Queensland (-0.8%), South Australia (-2.7%) and Western Australia (-2.8%).
- Approvals continue to indicate weaker housing construction, coinciding with a moderation in housing prices. Expectations for a further softening in housing conditions suggests that residential construction will weaken further. Nonetheless, the resilience in the building approvals data of late is a positive development. It suggests that residential construction will maintain at a high level and a reduced risk of a large drag on the economy from dwelling investment.



Building approvals rose by 2.6% in March, partially reversing a fall of 4.2% in February. On a year ago, building approvals are 14.5% higher, which is the fastest annual rate in four months.

There continues to be considerable volatility month to month in the dwelling approvals data. However, a slowdown in the dwelling cycle remains in place. Building approvals peaked in August 2016, but the slowdown in the dwelling construction cycle is a very gradual one. Building

approvals are only 9.1% away from the peak.

The downturn is more pronounced in the other (or multi-density) segment, which includes apartments and townhouses. Approvals for the other segment are 23.3% away from their peak while house approvals are only 3.3% away from their peak.

In the month of March, both segments recorded gains. House approvals were up 1.0% with approvals up 1.1% in the private sector. And other approvals were up 4.6% in March with approvals up 6.1% in the private sector. Annual growth for house approvals stood at 10.1% in March and for other approvals stood at 20.0%.

By State

In March, the modest gain in approvals was driven by a 7.3% increase in Victoria. Building approvals declined in most States over the month, including NSW (-12.0%), Queensland (-0.8%), South Australia (-2.7%) and Western Australia (-2.8%).

In annual terms, Victoria (23.0%) and Queensland (18.9%) approvals were higher in the year to March. It was followed by South Australia (7.4%) and NSW (2.2%). Meanwhile, Western Australia (-26.9%) and Tasmania (-5.1%) saw building approvals contract in the year.

In trend terms, approvals in the ACT (58.2%) and Tasmania (7.4%) were higher in the year.

Outlook

Approvals are down from their peaks continuing to indicate weaker housing construction, coinciding with a moderation in housing prices. Expectations for a further softening in housing conditions suggests that residential construction will weaken further. Nonetheless, the resilience in the building approvals data of late is a positive development. It suggests that residential construction will maintain at a high level and a reduced risk of a large drag on the economy from dwelling investment.

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The Detail

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