

## Summary

### Monthly % Change (Trend):

Queensland	↓	2.0%
Australia	↓	2.1%

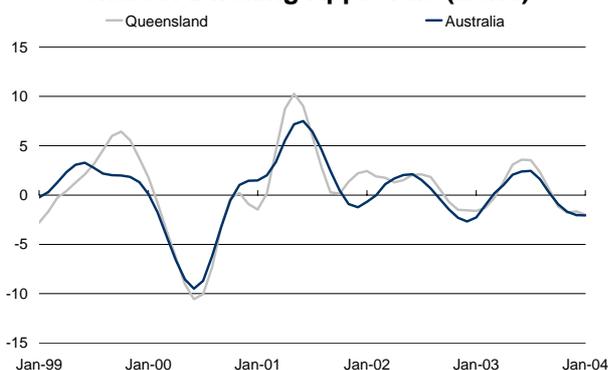
## Analysis

The total number of dwelling approvals (trend) in Queensland continued to decline (down 2.0%) in January 2004, following a 1.7% decline in December. After six consecutive months of growth in mid 2003 (which peaked at 3.6% in June), trend building approvals have now declined in each of the past four months. Private sector house approvals in Queensland rose 0.5% in January, while the number of approvals of other residential buildings declined 8.6%. In the rest of Australia, the total number of building approvals fell 2.1% in January.

The decline in the trend number of building approvals was reflected in the more volatile seasonally adjusted (s.a.) series, which showed a monthly decline of 2.0% in the total number of building approvals in Queensland. Seasonally adjusted private house approvals declined by 1.6% in January while other dwellings approvals fell by 3.7% in s.a. terms. In the rest of Australia, total approvals declined 3.7% in s.a. terms, with private houses recording a fall of 5.5%, while other residential buildings grew 4.1% in January.

In annual terms, growth of building approvals in Queensland remains high, despite easing slightly since September 2003, with 6.2% growth over the 12 months to January. Private house approvals have been driving this growth and have increased 21.8% in trend terms over the year. In comparison, the rest of Australia recorded 0.7% annual growth over the year to January.

**Chart 1: Dwelling Approvals (trend)**



**Table 1: Dwelling Approvals, January 2004**

	Monthly % change	
	Qld	Aust
<b>Trend</b>		
Total No. Residential Approvals:	-2.0	-2.1
Private Sector Houses	0.5	-1.0
Other Residential Buildings	-8.6	-4.9
<b>Seasonally Adjusted</b>		
Total No. Residential Approvals:	-2.0	-3.3
Private Sector Houses	-1.6	-4.4
Other Residential Buildings	-3.7	2.4
<b>Annual % change</b>		
<b>Trend</b>		
Total No. Residential Approvals:	6.2	2.0
Private Sector Houses	21.8	10.7
Other Residential Buildings	-21.4	-13.9
<b>Seasonally Adjusted</b>		
Total No. Residential Approvals:	4.4	-2.8
Private Sector Houses	20.4	5.9
Other Residential Buildings	-25.3	-18.1

**Table 2: Dwelling Approvals (trend), States, January 2004**

States/Australia	monthly % change	annual % change
<b>Queensland</b>	-2.0	6.2
New South Wales	-3.5	-13.8
Victoria	0.0	9.7
South Australia	-1.4	4.8
Western Australia	-1.7	12.4
Tasmania	-2.1	39.4
<b>Australia</b>	-2.1	2.0

## Implications

The decline in building approvals recorded in the past four months partially reflects the strong growth recorded in mid 2003, as well as the impact of recent rises in official interest rates. Despite yesterday's decision by the Reserve Bank of Australia to maintain the official cash rate at 5.25%, many market analysts expect rate rises to occur in the near future.

These expected rate rises may lead to further declines in the level of building approvals. However, Queensland's strong population growth is expected to support the currently high level of private sector house approvals.