

Summary

Monthly % Change (Trend):

Queensland	↓	1.3%
Australia	↓	1.5%

Analysis

The total number of dwelling approvals (trend) in Queensland continued to decline (down 1.3%) in February 2004, although the rate of decline has eased slightly from the 2.0% fall in January 2004. Approvals of private sector houses and other residential buildings declined 1.5% and 1.3% respectively in February. In comparison, the rest of Australia recorded a 1.5% fall in the total number of building approvals in February 2004.

The continued decline in building approvals is reflected in the more volatile seasonally adjusted (sa) series, which recorded a 4.9% decline in Queensland in February 2004. While private sector house approvals declined 12.4% in February 2004, other residential building approvals recorded 14.3% growth. In the rest of Australia, private house approvals and other residential buildings increased by 0.3% and 17.8% respectively in sa terms, reflected in the 5.9% sa growth in total approvals.

In annual terms, growth of building approvals in Queensland continued to ease for the fifth consecutive month, despite recording 6.0% growth over the year to February 2004. Private house approvals continue to drive this growth, recording an increase of 13.1% in trend terms over the year, while other residential buildings have continued to decline, falling by 7.8% over the same period. In comparison, the rest of Australia recorded 0.8% annual growth in total approvals over the year to February 2004.

Chart 1: Dwelling Approvals (trend)

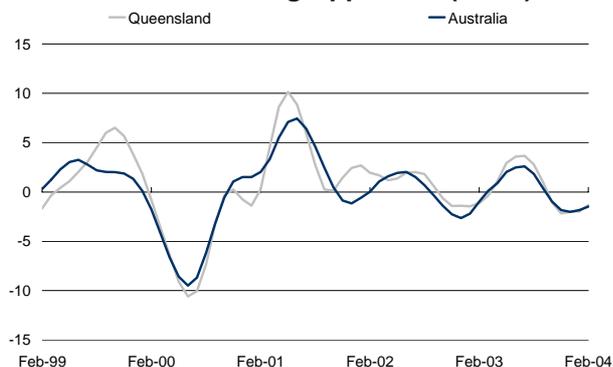


Table 1: Dwelling Approvals, February 2004

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	-1.3	-1.5
Private Sector Houses	-1.5	-1.9
Other Residential Buildings	-1.3	-0.7
Seasonally Adjusted		
Total No. Residential Approvals:	-4.9	3.2
Private Sector Houses	-12.4	-3.1
Other Residential Buildings	14.3	17.1
Annual % change		
Trend		
Total No. Residential Approvals:	6.0	2.0
Private Sector Houses	13.1	5.8
Other Residential Buildings	-7.8	-5.2
Seasonally Adjusted		
Total No. Residential Approvals:	6.6	5.5
Private Sector Houses	0.4	0.8
Other Residential Buildings	23.2	16.0

Table 2: Dwelling Approvals (trend), States, February 2004

States/Australia	monthly % change	annual % change
Queensland	-1.3	6.0
New South Wales	-0.2	-5.8
Victoria	-1.8	3.3
South Australia	-1.9	4.2
Western Australia	-0.6	13.0
Tasmania	0.4	30.7
Australia	-1.5	2.0

Implications

While the number of building approvals has eased over recent months, the level of building approvals remains at a high level. Therefore, the volume of dwelling construction currently in the pipeline should sustain dwelling investment at a solid level for the remainder of 2003-04.

In the medium term, the number of dwelling approvals may be affected by the possibility of interest rate rises, and an easing in house price growth, which may dampen investor demand. However, population growth in Queensland, which remains much higher than in the rest of Australia, should continue to support demand for new dwellings.