



Queensland
Government

QUEENSLAND TREASURY
ECONOMIC POLICY BRANCH
BUILDING APPROVALS: MARCH 2004

ABS 8731.0

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Summary

Monthly % Change (Trend):

Queensland ↓ 1.4%
Australia ↓ 1.8%

Analysis

The total number of dwelling approvals (trend) in Queensland continued to decline (down 1.4%) in March 2004. Approvals have now fallen for six consecutive months, although the rate of decline has eased in recent months. Approvals of private sector houses and other residential buildings each declined 1.5% over the month. Meanwhile, the rest of Australia recorded a 2.0% fall in the total number of building approvals in March 2004.

Although the trend number of building approvals continued to decline in March, the more volatile seasonally adjusted (sa) series recorded a 1.7% increase in Queensland. While other residential building approvals recorded a 3.8% fall in sa terms, private sector house approvals rose 4.2% in March. In comparison, the rest of Australia experienced a large fall of 20.1% in other residential building approvals in sa terms. This was partially offset by a 1.7% increase in private house approvals, resulting in a 6.2% fall in total sa approvals.

In annual terms, despite easing in recent months, total building approvals recorded 6.0% growth in Queensland in March 2004. Private house approvals continue to drive growth over the year, recording an increase of 8.8% in trend terms, while other residential buildings declined 1.2% over the same period. In comparison, the rest of Australia recorded a 2.8% decline in total approvals over the year to March 2004.

Chart 1: Dwelling Approvals (trend)

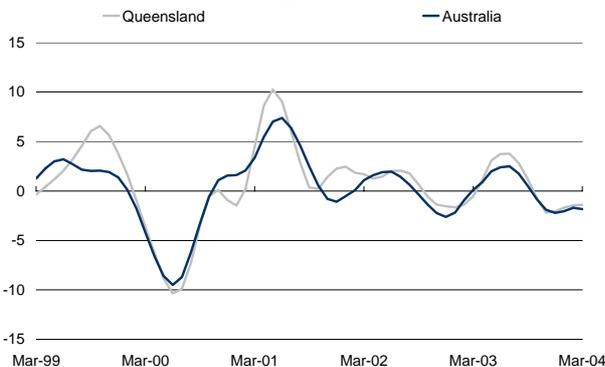


Table 1: Dwelling Approvals, March 2004

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	-1.4	-1.8
Private Sector Houses	-1.5	-1.5
Other Residential Buildings	-1.5	-2.5
Seasonally Adjusted		
Total No. Residential Approvals:	1.7	-4.4
Private Sector Houses	4.2	2.3
Other Residential Buildings	-3.8	-16.7
Annual % change		
Trend		
Total No. Residential Approvals:	6.0	-0.7
Private Sector Houses	8.8	2.7
Other Residential Buildings	-1.2	-7.4
Seasonally Adjusted		
Total No. Residential Approvals:	-8.1	-2.3
Private Sector Houses	3.4	8.2
Other Residential Buildings	-28.5	-20.2

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

States/Australia	monthly % change	annual % change
Queensland	-1.4	6.0
New South Wales	-0.6	-7.0
Victoria	-3.1	-3.3
South Australia	-2.9	-0.8
Western Australia	0.2	14.5
Tasmania	1.7	27.9
Australia	-1.8	-0.7

Implications

Although the total number of building approvals (trend) continued to decline in March 2004, the recent moderation in the rate of decline has helped alleviate fears of a sharp fall in dwelling construction activity.

The decision by the Reserve Bank at their May board meeting to leave the cash rate unchanged at 5.25% may help to maintain confidence in the housing sector in the short term. Meanwhile, despite the recent easing in growth, building approvals remain at high levels and should continue to sustain dwelling investment throughout the remainder of 2003-04.