



Queensland
Government

QUEENSLAND TREASURY
ECONOMIC POLICY BRANCH

BUILDING APPROVALS: JULY 2004

ABS 8731.0

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Summary

Monthly % Change (Trend):

Queensland	↕	0.3%
Australia	↕	0.3%

Analysis

The total number of dwelling approvals (trend) in Queensland rose 0.3% in July 2004, after falling for the previous nine months. Approvals of private sector houses declined 2.4% during the month while approvals of other residential buildings rose strongly in July (up 5.2%). In comparison, the total number of building approvals in Australia fell 0.3% in July 2004.

Although Queensland building approvals rose in trend terms, the more volatile seasonally adjusted (s.a.) data showed total approvals declined 6.7% in July, with private house approvals remaining relatively unchanged (up 0.1%) compared to other residential buildings (down 15.3%). By contrast, national approvals fell slightly (down 0.7%) in s.a. terms, with private houses falling 2.8% and other dwellings rising 4.1%.

The total number of trend building approvals in Queensland was 8.6% lower in July 2004 compared with a year earlier. The decline over the year was driven by private house approvals (down 16.7%), which was partially offset by an 8.6% rise in other residential building approvals (units, townhouses, etc). Nationally, total trend approvals were 3.1% lower over the year, with approvals of private houses down 10.6%, but other residential buildings up 12.2% over the year.

Chart 1: Dwelling Approvals (trend)

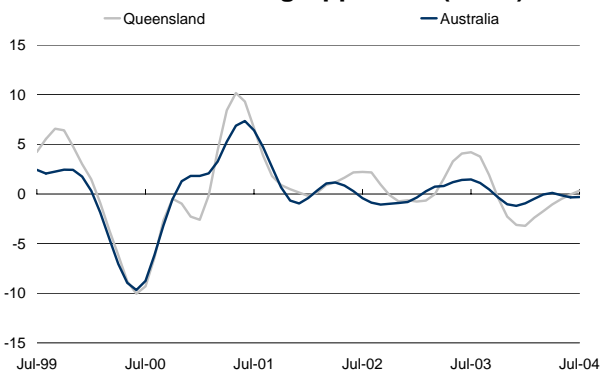


Table 1: Dwelling Approvals, July 2004

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	0.3	-0.3
Private Sector Houses	-2.4	-1.0
Other Residential Buildings	5.2	0.5
Seasonally Adjusted		
Total No. Residential Approvals:	-6.7	-0.7
Private Sector Houses	0.1	-2.8
Other Residential Buildings	-15.3	4.1
Annual % change		
Trend		
Total No. Residential Approvals:	-8.6	-3.1
Private Sector Houses	-16.7	-10.6
Other Residential Buildings	8.6	12.2
Seasonally Adjusted		
Total No. Residential Approvals:	-16.7	-5.1
Private Sector Houses	-17.2	-12.9
Other Residential Buildings	-15.5	9.5

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

States/Australia	monthly % change	annual % change
Queensland	0.3	-8.6
New South Wales	-1.4	-6.1
Victoria	-1.9	-12.7
South Australia	5.5	10.1
Western Australia	1.6	12.8
Tasmania	-1.8	11.1
Australia	-0.3	-3.1

Implications

The high volatility of monthly building approvals data makes interpretation of short term movements difficult. However, the rate of decline in Queensland building approvals has slowed from a recent low of -3.2% in January 2004 to a positive growth rate of 0.3% in July (see Chart 1).

The latest Queensland housing finance numbers show that finance approvals for dwelling construction rose 7.9% in June quarter 2004, implying that the number of building approvals may strengthen further in coming months.

Furthermore, the high level of construction work yet to be done in Queensland also suggests that dwelling investment in the State will remain strong in coming quarters.