



Summary

Monthly % Change (Trend):

Queensland	↓	1.6%
Australia	↓	1.1%

Analysis

The total number of dwelling approvals (trend) in Queensland decreased by 1.6% in December 2004. The number of approvals in trend terms has been falling steadily for more than a year, to be 12.9% lower over the year to December. Revised trend data shows that private sector house approvals have been the main driver of the fall, declining gradually over the past 14 months, to be 19.2% lower over the year to December. In comparison, approvals of other residential buildings (apartments, townhouses, etc.) have fallen for only the past five months, to remain 1.8% higher compared with December 2003.

Although dwelling approvals have been falling for quite some time, this follows a period of very strong growth, and as such the overall number of approvals remains at a high level. Trend data shows that 3,204 residential buildings were approved in December, with Queensland comprising 25.8% of all dwellings approved nationally, well above Queensland's population share of around 19%.

Australia as a whole recorded a smaller fall in building approvals in December. Total approvals declined by 1.1%, with both private sector house approvals and other residential buildings approvals falling by the same amount (1.1%). Approvals in all other mainland states declined in December, with New South Wales recording the largest decline for the eighth consecutive month, falling by 2.3%.

Chart 1: Dwelling Approvals (trend)

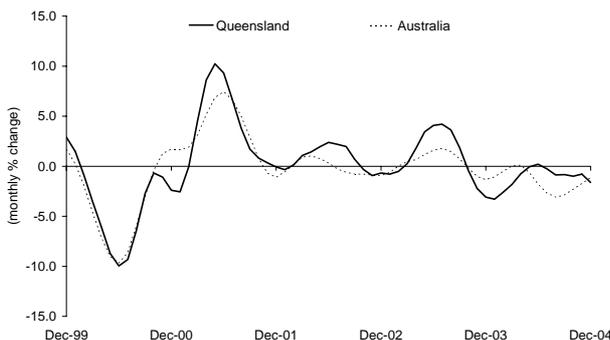


Table 1: Dwelling Approvals, December 2004

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	-1.6	-1.1
Private Sector Houses	-1.5	-1.1
Other Residential Buildings	-1.8	-1.1
Seasonally Adjusted		
Total No. Residential Approvals:	6.1	2.7
Private Sector Houses	-8.8	-5.6
Other Residential Buildings	36.7	23.3
	Annual % change	
Trend		
Total No. Residential Approvals:	-12.9	-16.4
Private Sector Houses	-19.2	-15.8
Other Residential Buildings	1.8	-18.5
Seasonally Adjusted		
Total No. Residential Approvals:	-10.9	-11.3
Private Sector Houses	-28.3	-19.8
Other Residential Buildings	33.2	10.6

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

States/Australia	monthly % change	annual % change
Queensland	-1.6	-12.9
New South Wales	-2.3	-27.6
Victoria	-1.3	-17.2
South Australia	-1.6	-16.6
Western Australia	-0.5	-4.2
Tasmania	4.2	4.6
Australia	-1.1	-16.4

Implications

Monthly dwelling approvals in Queensland have declined gradually for more than a year. Despite this, building activity in Queensland remains strong by historical standards. There remains a large volume of residential building work still in the pipeline, which is maintaining construction activity at a high level.

Although official interest rates have increased from their lows in early 2002, borrowing costs remain relatively low, providing support for dwelling investment. Furthermore, with population growth in Queensland expected to remain at high levels, dwelling construction activity is likely to be supported over the medium term.