



Queensland
Government

QUEENSLAND TREASURY
ECONOMIC POLICY BRANCH

BUILDING APPROVALS: JANUARY 2005

ABS 8731.0

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Summary

Monthly % Change (Trend):

Queensland ↓ 0.7%
Australia unchanged 0.0%

Analysis

The total number of dwelling approvals (trend) in Queensland decreased by 0.7% in January 2005. The number of approvals in trend terms has been generally falling for more than a year, to be 11.6% lower over the year to January. The bulk of the fall is attributable to private sector house approvals, which have declined gradually over the past 15 months, to be 19.3% lower over the year to January. In comparison, approvals of other residential buildings (apartments, townhouses, etc.) increased by 1.1% in January 2005, to remain 8.1% higher compared with January 2004.

Although dwelling approvals have been falling for quite some time, the fall to date has been very moderate when compared to other cyclical slowdowns. As such, the overall number of approvals remains at a high level.

Building approvals for Australia as a whole remained unchanged in January 2005. Private sector house approvals remained unchanged over the month and other residential buildings approvals increased by 0.4%. Building approvals in all other states (with the exception of Victoria), increased in January.

Chart 1: Queensland Dwelling Approvals (trend)

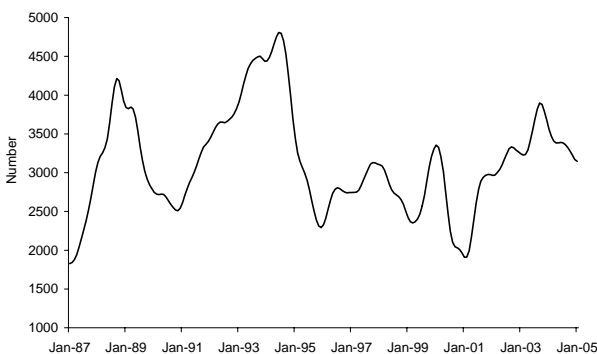


Table 1: Dwelling Approvals, January 2005

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	-0.7	0.0
Private Sector Houses	-1.6	0.0
Other Residential Buildings	1.1	0.4
Seasonally Adjusted		
Total No. Residential Approvals:	-7.3	1.7
Private Sector Houses	7.0	8.4
Other Residential Buildings	-26.1	-8.6
	Annual % change	
Trend		
Total No. Residential Approvals:	-11.6	-14.4
Private Sector Houses	-19.3	-12.8
Other Residential Buildings	8.1	-17.9
Seasonally Adjusted		
Total No. Residential Approvals:	-13.8	-9.0
Private Sector Houses	-22.2	-8.9
Other Residential Buildings	12.6	-8.5

Table 2: Dwelling Approvals (trend), States, January 2005

States/Australia	monthly % change	annual % change
Queensland	-0.7	-11.6
New South Wales	0.8	-25.3
Victoria	-2.3	-17.6
South Australia	0.5	-11.2
Western Australia	0.4	-2.1
Tasmania	0.4	-2.4
Australia	0.0	-14.4

Implications

Monthly dwelling approvals in Queensland have been generally falling for more than a year. Despite this, building activity in Queensland remains strong by historical standards, and is continuing to expand according to the December quarter ABS *State Details*. There remains a large volume of residential building work still in the pipeline, which is maintaining construction activity at a high level.

With official interest rates having been increased a further 0.25% point in early March, dwelling approvals are likely to continue to fall over coming months. However, this slowdown should continue to be moderate. Population growth in Queensland is expected to remain strong, as is renovation activity on existing housing, providing support for overall dwelling construction over the medium term.