



Summary

Monthly % Change (Trend):

Queensland ↓ 3.7%
Australia ↓ 0.3%

Analysis

The total number of dwelling approvals (trend) in Queensland decreased by 3.7% in April 2005. The number of approvals in trend terms has fallen in each of the past 19 months, to be 22.2% lower over the year to April. The level of building approvals in trend terms is now approaching previous cyclical lows, abstracting from the GST-induced low in early 2001 (see Chart 1). However, in seasonally adjusted terms, total building approvals in Queensland rose by 3.7% in April.

The decline in the total trend number of dwelling approvals is a result of falls in both private sector house approvals (down 17.1% over the year to April) and approvals of other residential buildings, such as apartments and townhouses (down 32.5% over the year to April).

Building approvals (trend) for Australia as a whole fell by 0.3% in April 2005. The weakness over the month was driven by strong falls in Queensland and Tasmania (down 3.3%).

In seasonally adjusted terms, building approvals in Australia increased by 1.8% in April 2005, slightly weaker than market expectations of a 2.0% rise. Solid rises in New South Wales (up 12.2%), Tasmania (up 9.4%) and Queensland (up 3.7%), more than offset strong falls in South Australia (down 9.6%) and Western Australia (down 6.0%).

Chart 1: Queensland Dwelling Approvals (trend)

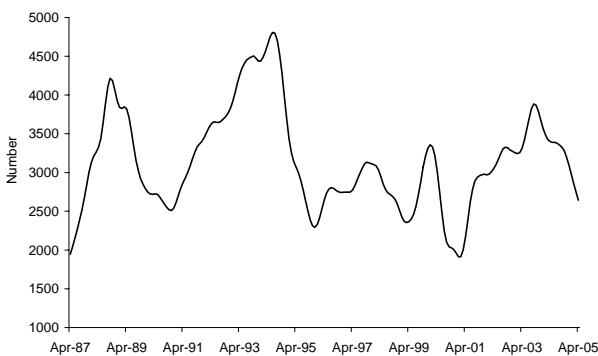


Table 1: Dwelling Approvals, April 2005

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	-3.7	-0.3
Private Sector Houses	-1.2	-0.1
Other Residential Buildings	-9.6	-0.5
Seasonally Adjusted		
Total No. Residential Approvals:	3.7	1.8
Private Sector Houses	6.7	0.2
Other Residential Buildings	-5.3	6.2
	Annual % change	
Trend		
Total No. Residential Approvals:	-22.2	-14.1
Private Sector Houses	-17.1	-9.6
Other Residential Buildings	-32.5	-21.9
Seasonally Adjusted		
Total No. Residential Approvals:	-22.8	-15.3
Private Sector Houses	-15.0	-12.0
Other Residential Buildings	-39.6	-22.6

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

States/Australia	monthly % change	annual % change
Queensland	-3.7	-22.2
New South Wales	0.2	-20.5
Victoria	0.9	-11.2
South Australia	2.3	-0.4
Western Australia	1.9	8.4
Tasmania	-3.3	-24.9
Australia	-0.3	-14.1

Implications

Although Queensland dwelling approvals have fallen in each of the past 19 months, a large volume of building work in the pipeline is maintaining construction at a high level. As a result, the most recent ABS National Accounts: State Details indicate that the volume of dwelling investment in Queensland rose by 5.3% over the year to March quarter 2005.

Strong levels of renovation activity should also provide support to total residential construction. Furthermore, continued strong population growth in Queensland should provide underlying support for housing construction over the medium term.