



Summary

Monthly % Change (Trend):

Queensland ↑ 2.7%
Australia unchanged

Analysis

The total number of dwelling approvals (trend) in Queensland increased by 2.7% in May 2005. However, the results this month have been influenced by a large seasonally adjusted rise in dwelling approvals (up 39.4%), which was driven by a 142.0% rise in approvals for other residential buildings (apartments, townhouses etc.). For a more accurate reflection of the level of activity in the housing sector, this month's brief will focus on the less volatile private sector houses component, which accounts for two thirds of total building approvals.

Even after accounting for the large rise in other residential building approvals, revised trend data now indicate that the number of private sector house approvals has also resumed an upward trend, rising for the past three months. This follows a 15-month period of decline which brought the level of approvals down towards previous cyclical low points (see Chart 1). The relatively moderate fall in housing approvals witnessed over the previous year and a half is consistent with Queensland's population continuing to grow strongly and supporting demand for owner-occupied housing.

Private sector house approvals (trend) for Australia as a whole increased by 1.0% in May 2005. This was driven by strong rises in Victoria (up 2.3%) and Queensland (up 1.8%), which more than offset falls in New South Wales and Western Australia, each recording a 1.0% fall over the month.

Chart 1: Queensland Private Sector House Approvals (trend)

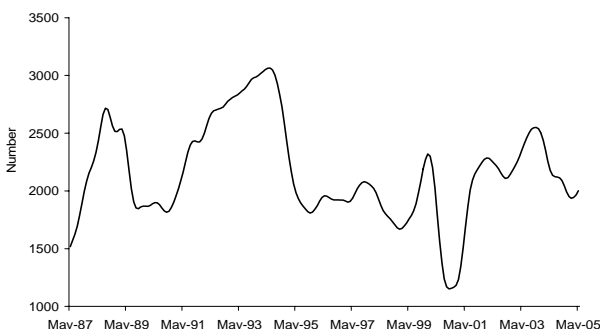


Table 1: Dwelling Approvals, May 2005

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	2.7	0.0
Private Sector Houses	1.8	1.0
Other Residential Buildings	4.1	-2.2
Seasonally Adjusted		
Total No. Residential Approvals:	39.4	4.5
Private Sector Houses	2.8	5.0
Other Residential Buildings	142.0	1.7
	Annual % change	
Trend		
Total No. Residential Approvals:	-10.3	-13.3
Private Sector Houses	-8.1	-5.0
Other Residential Buildings	-15.0	-28.1
Seasonally Adjusted		
Total No. Residential Approvals:	34.7	-10.1
Private Sector Houses	1.0	0.1
Other Residential Buildings	119.3	-27.2

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

States/Australia	monthly % change	annual % change
Queensland	2.7	-10.3
New South Wales	-5.5	-29.4
Victoria	2.3	-5.8
South Australia	0.9	-2.2
Western Australia	0.7	6.6
Tasmania	1.4	-6.6
Australia	0.0	-13.3

Implications

Queensland private sector house approvals have risen over the past three months, following a 15-month decline that brought the level of approvals towards previous cyclical lows. Continued strong population growth in Queensland is consistent with the relatively moderate downturn witnessed over the past year and a half.

Dwelling construction activity, as measured in the *Queensland State Accounts*, continues to increase being supported by a large volume of building work in the pipeline. Furthermore, strong levels of renovation activity are also providing support to total residential construction.