



Summary

Monthly % Change (Trend):

Queensland ↑ 2.8%
Australia ↑ 1.2%

Analysis

The total number of dwelling approvals (trend) in Queensland increased by 2.8% in June 2005, following a similar rise in May. Total building approvals in Queensland have now risen in each of the past four months, after declining in each of the previous 17 months.

This month's result was driven by further growth in other residential building approvals, which rose 4.8%, as well as continued steady growth in private houses, which increased 1.7%. The overall trend in building approvals continues to be affected by strong volatility in seasonally adjusted approvals of other residential buildings, which rose by more than 100% in May, then declined 34.8% in June.

It may still be too early to interpret the recent data as a sustained recovery in dwelling approvals. The seasonally adjusted data show that, in the past four months, falls were recorded in two months and rises in the other two months.

Dwelling approvals (trend) for Australia as a whole rose by 1.2% in June 2005. This was driven by strong rises in Victoria (up 6.0%) and Queensland (up 2.8%), more than offsetting falls in New South Wales (down 4.9%) and South Australia (down 2.3%).

Chart 1: Queensland Private Sector House Approvals (trend)

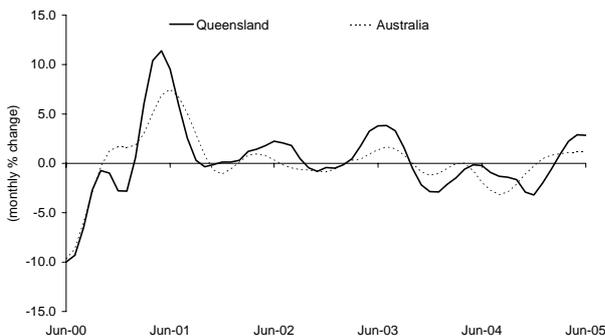


Table 1: Dwelling Approvals, June 2005

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	2.8	1.2
Private Sector Houses	1.7	1.5
Other Residential Buildings	4.8	0.5
Seasonally Adjusted		
Total No. Residential Approvals:	-17.7	0.9
Private Sector Houses	-3.2	0.3
Other Residential Buildings	-34.8	2.1
Annual % change		
Trend		
Total No. Residential Approvals:	-5.3	-6.5
Private Sector Houses	-4.3	-0.2
Other Residential Buildings	-6.9	-17.6
Seasonally Adjusted		
Total No. Residential Approvals:	-13.6	-4.8
Private Sector Houses	-3.5	0.7
Other Residential Buildings	-26.9	-14.1

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

States/Australia	monthly % change	annual % change
Queensland	2.8	-5.3
New South Wales	-4.9	-28.0
Victoria	6.0	15.2
South Australia	-2.3	-10.0
Western Australia	-0.6	5.0
Tasmania	0.0	-7.7
Australia	1.2	-6.5

Implications

After declining for almost a year and a half, dwelling approvals in Queensland have now risen over the past four months. Volatility in the data suggests that caution should be used in interpreting the strength of dwelling approvals numbers in recent months. However, finance approvals data suggest that dwelling approvals may continue to rise over the coming months. The number of finance approvals for the construction of new dwellings rose 29.7% in the three months to May 2005, compared with the previous three month period.

Dwelling construction activity, as measured in the *Queensland State Accounts*, rose 1.6% in March quarter 2005, and continues to be supported by a large volume of building work in the pipeline.