



**Summary**

**Monthly % Change (Trend):**

Queensland                      ↓            1.2%  
Australia                         ↓            2.0%

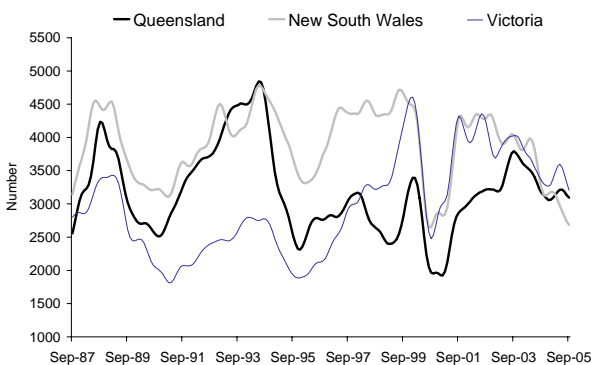
**Analysis**

The total number of dwelling approvals (trend) in Queensland fell in September 2005, representing the third consecutive monthly fall. Total approvals declined by 1.2% in September, following a 1.6% decline in August and a 0.9% fall in July. Total building approvals in Queensland rose each month between January and June 2005, after declining in each of the previous 15 months.

The decline in September was driven by both a fall in private house approvals, which fell for the second consecutive month, by 0.9%, and a fall in private other dwelling approvals (apartments, townhouses, etc.), which fell by 4.2%.

The latest data suggests that the upturn in dwelling approvals earlier this year appears to have lost some momentum. Over the year to September 2005, total dwelling approvals in Queensland fell by 2.3% (private house approvals down 4.3%, private other residential approvals down 5.9%). The slowdown is not isolated to Queensland, and is affecting the nation as a whole, with Australian building approvals in September being 5.9% lower compared with a year ago. The main source of weakness in national housing activity continues to be New South Wales, where building approvals fell by 17.2% over the year to September 2005, and Victoria, which recorded a 4.3% annual fall (see Chart 1).

**Chart 1: Dwelling Approvals (trend)**



**Table 1: Dwelling Approvals, September 2005**

	Monthly % change	
	Qld	Aust
<b>Trend</b>		
Total No. Residential Approvals:	-1.2	-2.0
Private Sector Houses	-0.9	-1.0
Private Other Residential Buildings	-4.2	-5.1
<b>Seasonally Adjusted</b>		
Total No. Residential Approvals:	4.9	1.8
Private Sector Houses	-6.0	-2.4
Private Other Residential Buildings	25.5	14.7
	Annual % change	
<b>Trend</b>		
Total No. Residential Approvals:	-2.3	-5.9
Private Sector Houses	-4.3	-0.3
Private Other Residential Buildings	-5.9	-19.6
<b>Seasonally Adjusted</b>		
Total No. Residential Approvals:	3.3	-6.4
Private Sector Houses	-8.1	-4.8
Private Other Residential Buildings	14.4	-13.0

**Table 2: Dwelling Approvals (trend), States, September 2005**

States/Australia	monthly % change	annual % change
<b>Queensland</b>	<b>-1.2</b>	<b>-2.3</b>
New South Wales	-2.0	-17.2
Victoria	-3.5	-4.3
South Australia	-0.7	0.8
Western Australia	-2.0	-1.4
Tasmania	-0.5	-6.9
<b>Australia</b>	<b>-2.0</b>	<b>-5.9</b>

**Implications**

The upturn in dwelling approvals experienced over the first half of 2005 appears to have lost some momentum, according to revised trend data in September. Both private sector house approvals and private other residential building approvals are lower compared with levels a year ago. To date, the downturn in building approvals in Queensland has been quite shallow compared with previous housing cycles. In fact, dwelling approvals are currently at around long-run average levels. Continued strong population growth, relatively low borrowing costs, low rental vacancy rates and solid employment growth should support the housing construction sector in the medium term.