



Note: The ABS advise that seasonally adjusted and trend estimates have been revised in this issue as a result of the annual reanalysis of seasonal factors.

Summary

Monthly % Change (Trend):

Queensland: ↑ 1.5%
Australia: ↑ 0.4%

- Total dwelling approvals in Queensland rose 1.5% in May 2006, but remained 7.0% lower over the year.
- In seasonally-adjusted (sa) terms, national dwelling approvals rose 3.3% in May, more than reversing the 2.9% decline in April and stronger than the market expectation of a 1.0% rise for the month.

Analysis

Growth in Queensland's trend number of private house approvals moderated slightly to 1.1% in May, but was the sixth consecutive monthly rise. In comparison, the trend number of private other residential approvals (units, townhouses etc.) increased 2.8% over the month, the third consecutive monthly rise. Trend growth in other residential approvals was strongly influenced by a 46.7% sa rise in May 2006. This category continues to be volatile in seasonally-adjusted terms, with this month's strong growth following a 29.6% decline in April.

Total approvals in the state declined 7.0% in trend terms over the year to May 2006. Growth in private sector house approvals over the year was more than offset by a substantial 26.8% decline in private other residential approvals.

Approvals for private houses remained solid in Queensland, rising 4.1% over the year. In comparison (see Chart 1), private house approvals remained very strong in Western Australia (up 19.8%), supported by resources-led economic activity and stronger population growth. Approvals continued to decline in New South Wales (down 20.0%) and South Australia (down 3.3%) over the year, while remaining relatively steady in Victoria (down 0.1%).

While the main risk to the outlook for the dwelling sector is the potential impact of the rise in official interest rates in May 2006, several other factors remain supportive of activity. These include the

current stabilisation in trend building approvals, a record value of residential work yet to be done, modest annual growth in finance approvals for the construction of new dwellings and the strongest annual population growth in Australia.

Table 1: Dwelling Approvals, May 2006

	Monthly % change	
	Qld	Aust
Trend		
Total No. Residential Approvals:	1.5	0.4
Private Sector Houses	1.1	0.6
Private Other Residential Buildings	2.8	0.0
Seasonally Adjusted		
Total No. Residential Approvals:	8.5	3.3
Private Sector Houses	-0.7	2.8
Private Other Residential Buildings	46.7	10.0
Annual % change		
Trend		
Total No. Residential Approvals:	-7.0	-7.8
Private Sector Houses	4.1	-1.8
Private Other Residential Buildings	-26.8	-20.5
Seasonally Adjusted		
Total No. Residential Approvals:	-26.1	-11.7
Private Sector Houses	0.7	-3.1
Private Other Residential Buildings	-51.7	-25.6

Table 2: Dwelling Approvals (trend), States, May 2006

States/Australia	monthly % change	annual % change
Queensland	1.5	-7.0
New South Wales	-0.7	-22.0
Victoria	0.3	-9.2
South Australia	2.1	8.2
Western Australia	0.7	14.3
Tasmania	0.0	-8.9
Australia	0.4	-7.8

Chart 1: Private house approvals
(annual % change, trend)

