

## Summary

### Monthly % Change (Trend):

Queensland:	↓	1.8%
Australia:	↑	0.7%

- Total dwelling approvals in Queensland fell 1.8% in August 2006, to be 3.4% lower over the year.
- In seasonally adjusted terms, national dwelling approvals declined 12.6% in August, well below the market expectation of a 3.0% decline.

## Analysis

The trend number of private house approvals in Queensland declined by 1.4% in August 2006, following a decrease of 0.4% in the previous month. Similarly, private other residential approvals (units, townhouses etc.) also decreased in August (down 2.6%), the second consecutive monthly decline.

In annual terms, total building approvals decreased in August (down 3.4%), as they have done since September 2005 (Chart 1). After declining for almost two years to end of 2005, private house approvals have turned around, rising in each month of 2006 and rising 1.9% over the year to August. In comparison, other residential approvals continued to trend lower, but at a more moderate rate, declining 12.9% over the year to August.

In comparison, total building approvals nationally increased 3.2% over the year to August. This represents the second month that total approvals have recorded annual growth, after recording annual declines for more than two years.

While potential changes in monetary policy remain the main risk to the outlook for dwelling construction activity, most of the fundamentals remain supportive of dwelling activity in Queensland. Underlying demand for new housing stock remains strong in Queensland, mainly driven by the State's strong population growth. More importantly, unlike previous housing booms, the recent housing boom did not see an over-supply of housing in the State. As a result, the rental market in Queensland remains tight, with the average rental vacancy rate in Brisbane falling to 2.0 in 2005-06, compared with 5.2 a decade ago.

Several other factors also support solid dwelling activity in the State going forward. These include a near-record value of residential work yet to be done

and annual growth in finance approvals for the construction of new dwellings. Labour market conditions also remain strong and supportive of consumer confidence.

**Table 1: Dwelling Approvals, August 2006**

	Monthly % change	
	Qld	Aust
<b>Trend</b>		
Total No. Residential Approvals:	-1.8	0.7
Private Sector Houses	-1.4	0.4
Private Other Residential Buildings	-2.6	1.0
<b>Seasonally Adjusted</b>		
Total No. Residential Approvals:	-14.3	-12.6
Private Sector Houses	-5.2	1.1
Private Other Residential Buildings	-32.6	-36.9
<b>Annual % change</b>		
<b>Trend</b>		
Total No. Residential Approvals:	-3.4	3.2
Private Sector Houses	1.9	0.9
Private Other Residential Buildings	-12.9	9.9
<b>Seasonally Adjusted</b>		
Total No. Residential Approvals:	-5.7	2.1
Private Sector Houses	0.0	7.5
Private Other Residential Buildings	-16.9	-9.1

**Table 2: Dwelling Approvals (trend), States, August 2006**

States/Australia	monthly % change	annual % change
<b>Queensland</b>	<b>-1.8</b>	<b>-3.4</b>
New South Wales	0.8	-6.2
Victoria	3.1	13.2
South Australia	-1.1	4.8
Western Australia	0.6	10.3
Tasmania	0.8	15.2
<b>Australia</b>	<b>0.7</b>	<b>3.2</b>

**Chart 1: Building approvals**  
(annual % change, trend)

