

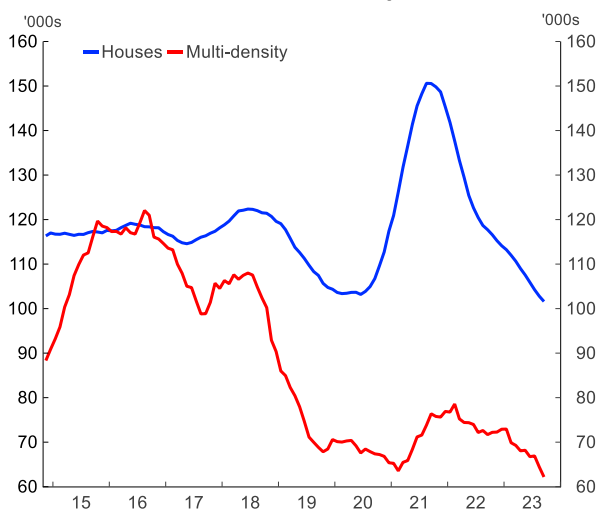
Wednesday, 1 November

## Building Approvals

### Supply Challenges Grow As Approvals Slide

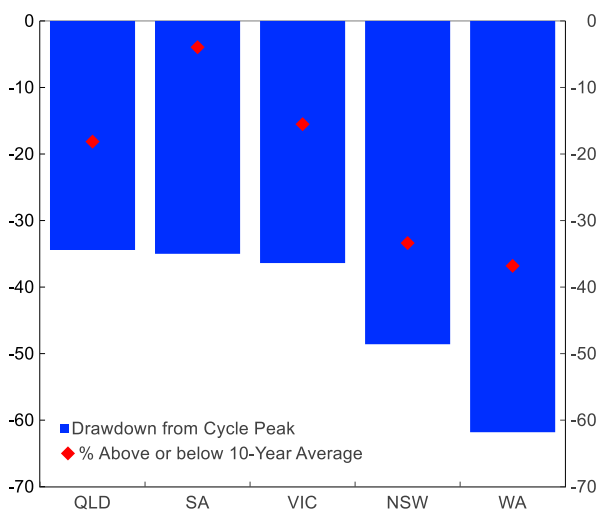
- Building approvals declined 4.6% in September, partly unwinding an 8.1% gain in August. The decline reflected a 4.6% slide in private sector house approvals and a 5.1% fall in multi-density approvals (e.g. apartments and townhouses).
- Approvals have fallen in five out of nine months so far in 2023. Looking through month-to-month volatility, the trend remains weak. Approvals continue to run well below long-run averages. The monthly rate of approvals was a whopping 43% below the March 2021 peak and 24% below the 10-year average. Private sector house approvals are running at almost 15% below the 10-year average, while multi-density approvals are even weaker, at 37% below.
- Approvals declined in the month in WA (-11.0%), NSW (-10.5%) and Victoria (-8.9%). Queensland (34.6%) recorded a large jump, driven by a surge in multi-density approvals and SA (5.1%) was also up.
- The latest approvals data continues to paint a sombre picture for the supply-side of the housing market. After a surge during the pandemic driven by low rates and policy stimulus, approvals have fallen sharply and are pointing to a muted supply response in the future. This is occurring while demand remains robust, underpinned by record population growth.
- The prospect of additional rate hikes and continued challenges for the construction industry are placing additional pressure on approvals. A sustained recovery still appears some time away.

**Private Sector Building Approvals**  
Number, 12-month Rolling Sum



Sources: ABS, Macrobond

**Dwelling Approvals by State**  
Per Cent



Sources: ABS, Macrobond

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