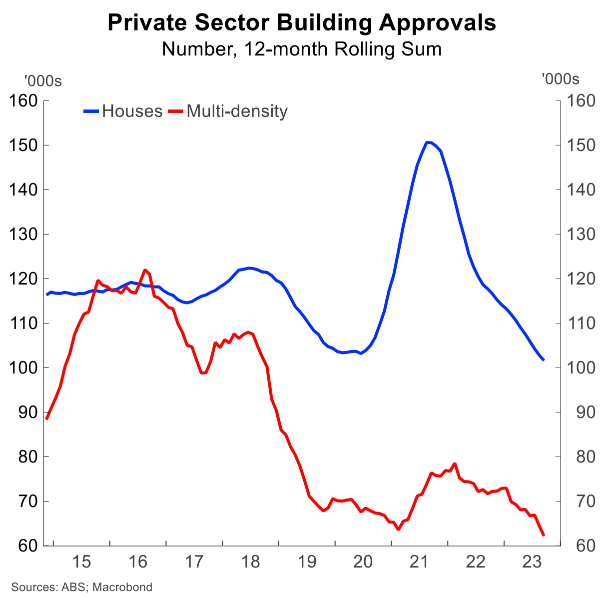
Wednesday, 1 November

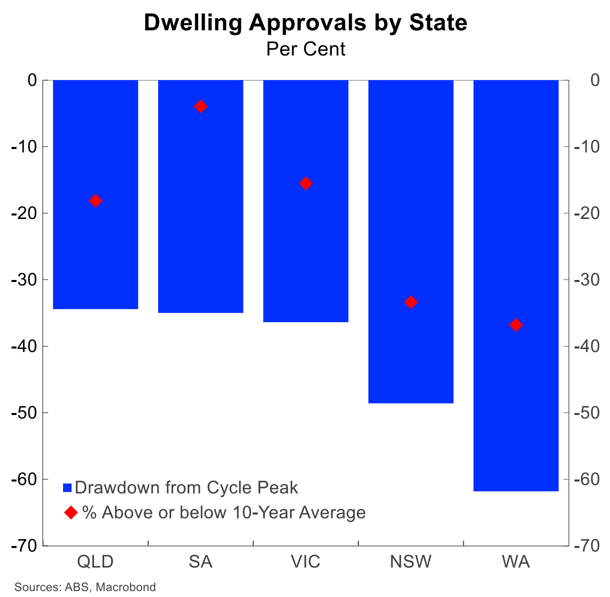
Building Approvals

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.**



Sources: ABS; Macrobond



Sources: ABS, Macrobond

Jarek Kowcza, Senior Economist
Ph: +61 481 476 436

Contact Listing

Chief Economist
Besa Deda
dedab@banksa.com.au
(02) 8254 3251

Senior Economist
Jarek Kowcza
jarek.kowcza@banksa.com.au
0481 476 436

Senior Economist
Pat Bustamante
pat.bustamante@banksa.com.au
0434 856 909

Economist
Jameson Coombs
jameson.coombs@banksa.com.au
0401 102 789