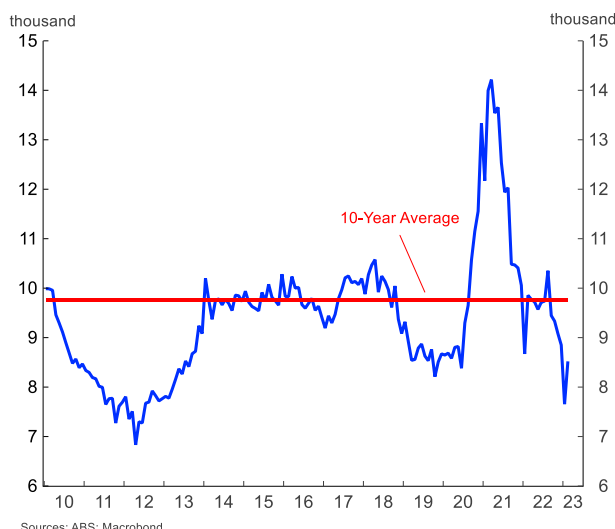


Building Approvals

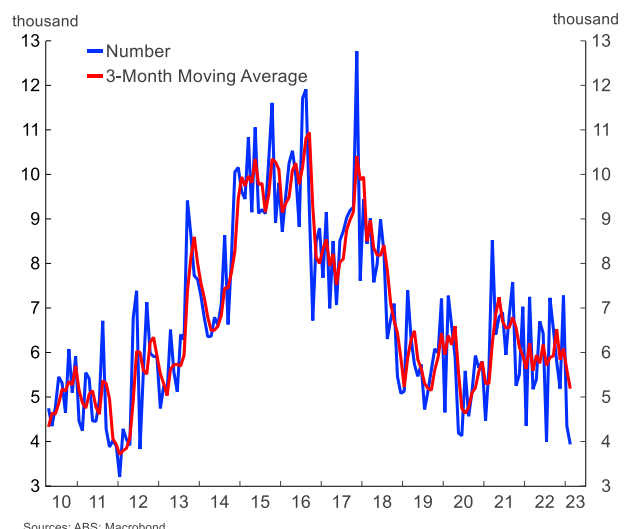
Resi Construction Downswing Deepens

- New residential dwelling approvals edged down 0.1% in March following large swings through much of 2022 and 2023. Approvals are down around 46% from their peak in March 2021 and are running at their slowest pace since May 2012 on a three-month moving average basis.
- Demand for new construction is being hampered by disruptions in the building industry, increasing costs, rising interest rates and lower dwelling prices. These headwinds are unlikely to subside quickly. However, an increase in rents and surging migration may lure more projects into the pipeline as headwinds stabilise and yields become more attractive.
- Private sector house approvals, which are typically less volatile than multi-density approvals, slid 2.8% and are sitting around 15% below the 10-year average. Private sector house approvals have declined in eight of the past twelve months and are 10.1% lower than a year ago.
- Large month-to-month fluctuations in private sector multi-density approvals continue to mask a sharp underlying slowdown. Multi-density approvals in the private sector are running 43% below the 10-year average and are 21% lower than a year ago, despite a 5.6% monthly increase.
- Delays and longer build times means there remains a large pipeline of residential building work yet to be finished. This is a legacy of the huge run-up in approvals over 2020 and 2021. However, a broad downswing in new approvals raises questions about the volume of activity once the existing backlog of projects is worked through.

Private Sector House Approvals
Number, Monthly



Private Multi-density Approvals
Monthly



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