

KEY POINTS

Number of dwelling units approved

- The seasonally adjusted number of dwelling units approved rose by 5.1% to 11,402 in April, the third successive monthly rise in approvals. Approvals are now 16.1% lower than at the same time last year.
- Trend total dwelling approvals grew by 2.2% in April.
- The lift in total dwelling approvals was driven by a 7.2% increase in private sector house approvals. The number of private sector other dwellings approved fell, by 1.4%, in April.

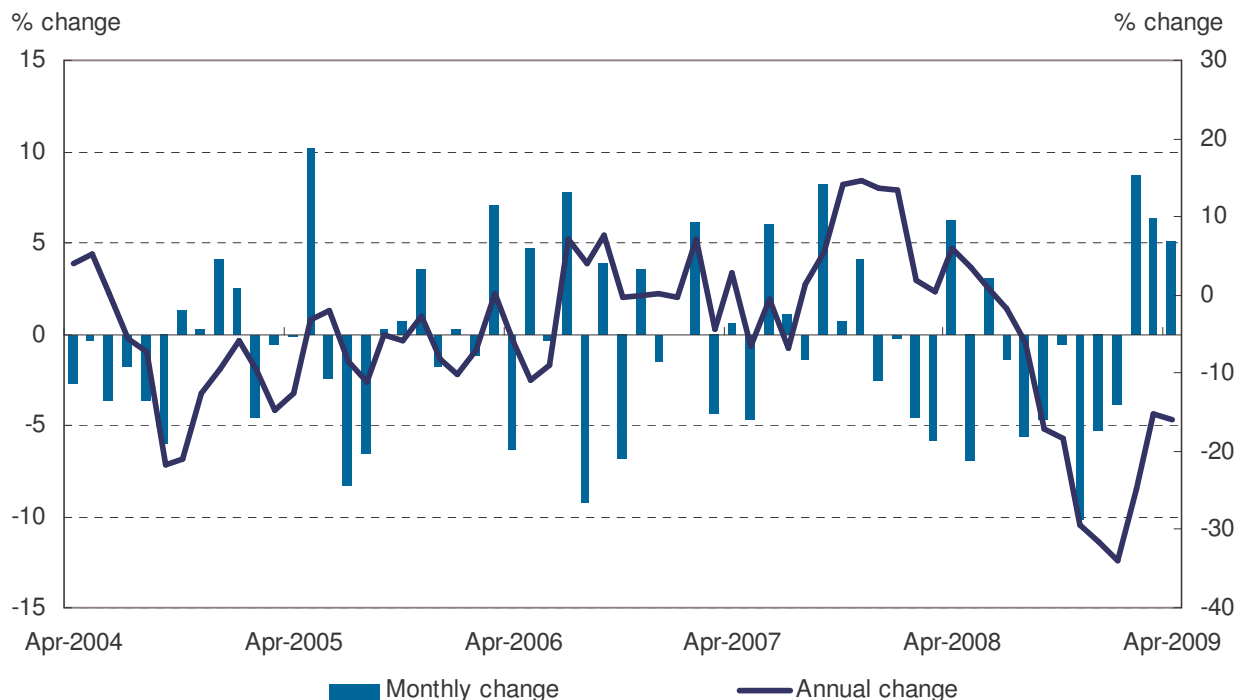
Value of building

- The seasonally adjusted estimate for the value of total building approved fell 1.9% in April. The seasonally adjusted estimates for the value of new residential building and alterations and additions approved rose 1.7% and 9.2% respectively. The seasonally adjusted estimate for the value of non-residential building fell 8.6%.

The states

- The trend for dwelling units approved grew in four states, (by 4.1% in South Australia; 3.2% in Victoria; by 2.0% in Queensland; and by 0.8% in WA). Declines were recorded in NSW (-0.2%); Queensland (-3.1%); and Tasmania (-1.7%).

Chart: Monthly & annual growth in number of dwelling units approved



Policy implications

- The ongoing improvement in building approvals in April suggests that the significant cuts to the official interest rate and the boost to the first homebuyers grant have had a positive effect on housing demand. The underlying medium-term excess of housing demand over housing supply will continue to put a floor under growth in building approvals
- Though the housing sector is a relatively small part of the economy, the RBA will see the ongoing improvement in activity in the sector as early evidence that the economy is responding to policy stimulus and will continue its wait and see approach before making any further reductions in the cash rate.