

## KEY POINTS

### Number of dwelling units approved

- The seasonally adjusted number of dwelling units approved fell by 3.3% to 13,267 in June, following a 6.4% decline in the previous month.
- The annual rate of growth in dwelling approvals moderated from 29.7% in May to 13.2% in June, the lowest annual rate of growth registered over the past ten months.
- A 2.5% decrease in private sector house approvals underpinned the fall in total dwelling approvals in June. The number of private sector other dwellings approvals (largely comprising apartments) increased by a seasonally adjusted 2.7% in the month.
- The trend number of total dwelling approvals fell by 2.7% in the month, the fourth consecutive month of decline.

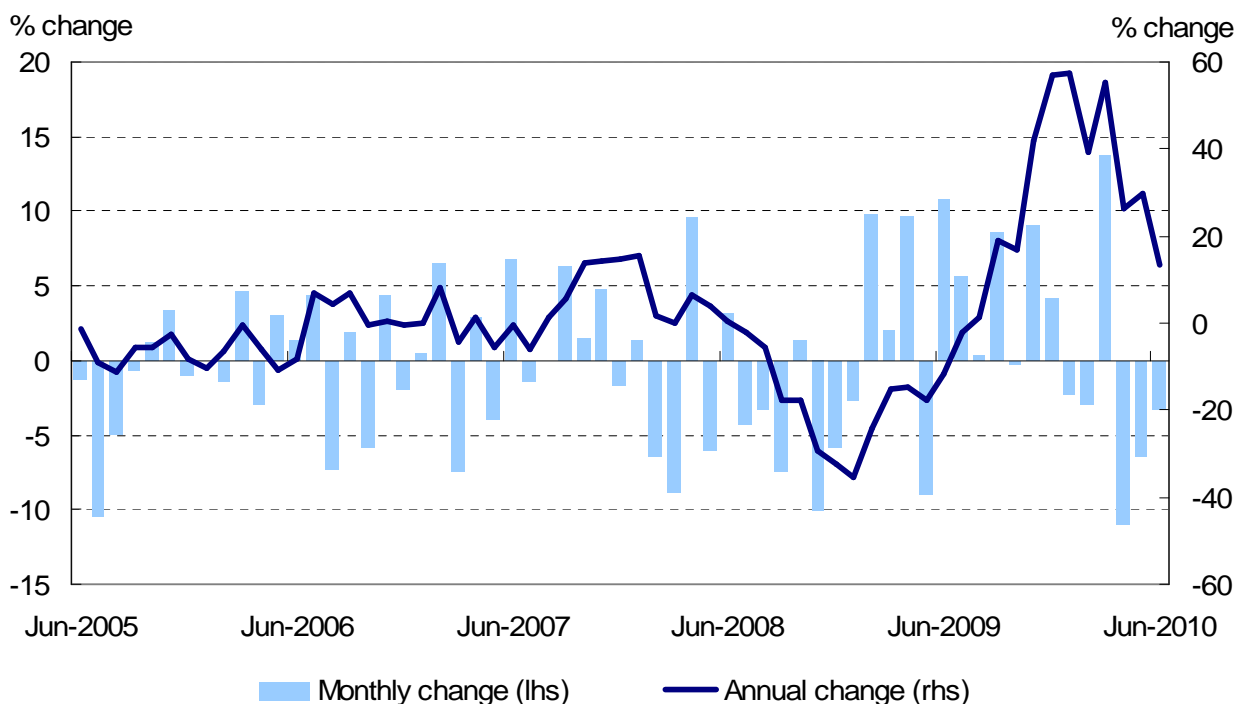
### Value of building

- The seasonally adjusted estimate for the value of total building approved fell by 2.4% in June, following a 2.3% increase in May.
- The seasonally adjusted estimate for the value of new residential building approved declined by 5.2% whilst the value of approved alterations and additions fell by 7.3%.
- The seasonally adjusted estimate for the value of non-residential building increased by 4.4% following a 7.6% rise in May.

### The states

- The trend estimate for the total number of dwelling units approved declined in all states in the month. The largest decline was in Western Australia (5.8%) followed by NSW (3.9%), Tasmania (3.0%), Victoria (2.5%), Queensland (2.2%) and South Australia (0.5%).

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



# Building Approvals – June 2010

ECONOMIC ALERT

3 August 2010

## Policy implications

- The decline in dwelling approvals in June exceeded the median market consensus expectation of a 2% increase, although the decline was within the market forecast range of -5.0% to +5.0%. The underlying trend indicates that approvals have passed a cyclical turning point, with annual growth moderating from a peak of 50.9% in January 2010 to 19.0% in June 2010.
- The weakening in approvals is consistent with finance for new construction data which has fallen by 35% since October 2009, reflecting tighter monetary policy settings (compared to 2009) and the phasing out between October and December 2009 of the additional bonus under the Federal Government's First Home Buyers scheme. Due to these influences, further declines in approvals are likely in coming months, although the extent of the declines will be largely influenced by the RBA's stance on interest rates.