

Media Release



MASTER BUILDERS
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Rise In Building Approvals Points To Positive Year For Construction

Total dwelling approvals increased by 0.9% in seasonally adjusted terms in November 2017, adding a tenth consecutive month of positive growth in the approvals data.

“New approvals for apartment developments have again been the source of growth in the last few months, pushing up approvals for new dwellings to 11.2 per cent in November 2017,” Matthew Pollock, National Manager, Economics said.

“But the bigger emerging story is from non-residential approvals data, which was up in value terms by 6% in November 2017, and up by more than 13% over the previous 12 months. This latest data supports Master Builders’ expectation that the arrival of the long awaited upturn in the commercial construction sector is imminent,” he said.

“Master Builders expects non-residential building activity to grow by 14.6% in 2017/18, with the value of work done estimated at just over \$41.5 billion,” Matthew Pollock said.

“Other indicators suggest there is still some way to go for new residential construction in 2018. Rental vacancy rates are still very low in most inner city apartment markets. In Sydney, Melbourne and Canberra, rental vacancy rates remain close to record lows. Yields have also generally held pretty strong which is keeping investors in the market,” he said.

“Brisbane is an exception and there is evidence that supply may be putting pressure on yields in the Queensland capital – although vacancy rates remain low,” Matthew Pollock said.

“A steady improvement in the residential and non-residential approvals data is supporting a boost in confidence in the building sector. Master Builders latest National Survey of builders around the nation has shown a steady improvement over the past six months, with positive sentiments shared across the industry, supporting a more positive outlook for building and construction businesses in 2018,” Matthew Pollock said.

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