

## Housing shortfall persists despite modest uptick in approvals

3 February 2025

Despite a small uptick in building approvals over the month of December, Australia fell short by 68,606 homes of its annual 240,000 housing target in 2024.

According to the Australian Bureau of Statistics, there was a very slight increase (+0.7 per cent) in the volume of new home building approvals during December 2024.

This was the result of a 6.0 per cent increase in higher density dwelling approvals during the month. However, detached house building approvals dropped by 2.8 per cent during December.

When looking at the yearly performance, 171,394 new homes received approval during 2024 overall, a modest gain (3.9 per cent) on the year before. This was driven by a 7.0 per cent gain in detached house approvals during 2024.

Currently, all states and territories have fallen short of their Housing Accord target if building continues at this pace.

### Quotes attributable to Shane Garrett, Chief Economist, Master Builders Australia:

"In 2024, higher density approvals dropped back by 1.3 per cent, meaning 2024 was the worst year for higher density approvals since 2011.

"The insufficient flow of new home building on the higher density side of the market is one of the main sources of rental price inflation.

"Latest data indicate that rents rose by 6.2 per cent over the year to December 2024 – one of the biggest sources of inflationary pressure," Mr Garrett said.

### Quotes attributable to Denita Wawn, CEO Master Builders Australia:

"Australia desperately needs to boost housing supply, and this will only be achieved when the cost of new home building starts to moderate, and project costs stack up.

"It's more than just a number - the lack of housing supply is leading to rising rents, homelessness, and higher mortgages, which impacts the well-being of individuals, families, and communities.

"This Federal Election, all parties must be clear on how they will help build more homes for Aussies.

"Over the coming weeks, Master Builders will be releasing its election platform and pre-budget submission with what policy areas require further investment or action to facilitate more investment in home building," Ms Wawn concluded.

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National Housing Accord: comparison of targets with latest home building approvals data (not seasonally adjusted)

	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	ACT
<b>National Housing Accord: 5-year homebuilding target</b>	<b>1,200,000</b>	<b>375,730</b>	<b>306,940</b>	<b>245,980</b>	<b>83,430</b>	<b>129,700</b>	<b>25,810</b>	<b>11,380</b>	<b>21,030</b>
Annual homebuilding requirement	240,000	75,146	61,388	49,196	16,686	25,940	5,162	2,276	4,206
<b>Latest Master Builders Australia forecast for new home starts to June 2029 (September 2024 forecast round)</b>	<b>1,033,962</b>	<b>303,280</b>	<b>286,500</b>	<b>224,282</b>	<b>58,527</b>	<b>124,128</b>	<b>14,304</b>	<b>3,841</b>	<b>19,100</b>
Comparison versus National Housing Accord Target (number of homes)	-166,038	-72,450	-20,440	-21,698	-24,903	-5,572	-11,506	-7,539	-1,930
Comparison versus National Housing Accord Target (+/-%)	-13.8%	-19.3%	-6.7%	-8.8%	-29.8%	-4.3%	-44.6%	-66.2%	-9.2%
<b>Total number of new home building approvals - year to December 2024</b>	<b>171,394</b>	<b>43,221</b>	<b>52,931</b>	<b>36,566</b>	<b>12,487</b>	<b>21,108</b>	<b>2,458</b>	<b>440</b>	<b>2,183</b>
if maintained at this pace for five years	856,970	216,105	264,655	182,830	62,435	105,540	12,290	2,200	10,915
Comparison versus National Housing Accord Target (number of homes)	-343,030	-159,625	-42,285	-63,150	-20,995	-24,160	-13,520	-9,180	-10,115
Comparison versus National Housing Accord Target (+/-%)	-28.6%	-42.5%	-13.8%	-25.7%	-25.2%	-18.6%	-52.4%	-80.7%	-48.1%
<b>Total new home building approvals - five years up to December 2024</b>	<b>942,019</b>	<b>256,669</b>	<b>301,582</b>	<b>183,336</b>	<b>63,061</b>	<b>95,578</b>	<b>16,053</b>	<b>2,920</b>	<b>22,820</b>
Comparison versus National Housing Accord Target (number of homes)	-257,981	-119,061	-5,358	-62,644	-20,369	-34,122	-9,757	-8,460	+1,790
Comparison versus National Housing Accord Target (+/-%)	-21.5%	-31.7%	-1.7%	-25.5%	-24.4%	-26.3%	-37.8%	-74.3%	+8.5%
<b>Total new home building approvals since start of the Accord (1st July 2024) to December 2024</b>	<b>92,023</b>	<b>22,751</b>	<b>28,988</b>	<b>19,785</b>	<b>7,021</b>	<b>11,202</b>	<b>1,235</b>	<b>233</b>	<b>808</b>
(Seasonally Adjusted equivalent)	89,734	21,968	28,364	19,272	6,684	11,232	1,199	na	na
Average monthly volume of new home building approvals since start of Accord (sa)	14,956	3,661	4,727	3,212	1,114	1,872	200	na	na
x 12 months	179,468	43,936	56,728	38,544	13,368	22,464	2,398	na	na
x 5 years	897,340	219,680	283,640	192,720	66,840	112,320	11,990	na	na
Comparison versus National Housing Accord Target (number of homes)	-302,660	-156,050	-23,300	-53,260	-16,590	-17,380	-13,820	na	na
Comparison versus National Housing Accord Target (+/-%)	-25.2%	-41.5%	-7.6%	-21.7%	-19.9%	-13.4%	-53.5%	na	na

Source: Master Builders Australia analysis of ABS Building Approvals - December 2024

Total number of new home building approvals by state and territory - December 2024 (seasonally adjusted)

	Australia	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Northern Territory	ACT
Month of December 2024	15,174	4,298	4,151	3,392	1,126	1,786	189	na	na
Percentage change on November 2024 (+/-%)	+0.7%	+19.1%	-11.7%	+4.2%	+2.7%	-12.8%	-2.6%	na	na
Percentage change on December 2023 (+/-%)	+12.2%	+18.4%	-2.7%	+26.3%	+32.2%	+26.3%	+3.3%	na	na
Three months to December 2024	45,852	11,878	14,201	9,717	3,338	5,575	591	na	na
Percentage change on three months to September 2024 (+/-%)	+4.5%	+17.7%	+0.3%	+1.7%	-0.2%	-1.4%	-2.8%	na	na
Percentage change on three months to December 2023 (+/-%)	+7.3%	+9.8%	+2.5%	+15.0%	+22.5%	+38.6%	-0.3%	na	na
Year to December 2024	170,719	42,936	52,739	36,429	12,397	21,148	2,442	na	na
Percentage change on year to December 2023 (+/-%)	+3.9%	-5.2%	+2.0%	+7.4%	+6.3%	+50.7%	-10.4%	na	na
Highest monthly total on record	23,036	8,649	9,833	5,536	1,566	3,176	462	na	na
Lowest monthly total on record	8,808	1,587	1,735	1,637	405	886	52	na	na

Source: Master Builders Australia analysis of ABS Building Approvals - December 2024