

MONEY & MARKETS

CHART: Australia's building an epic number of apartments

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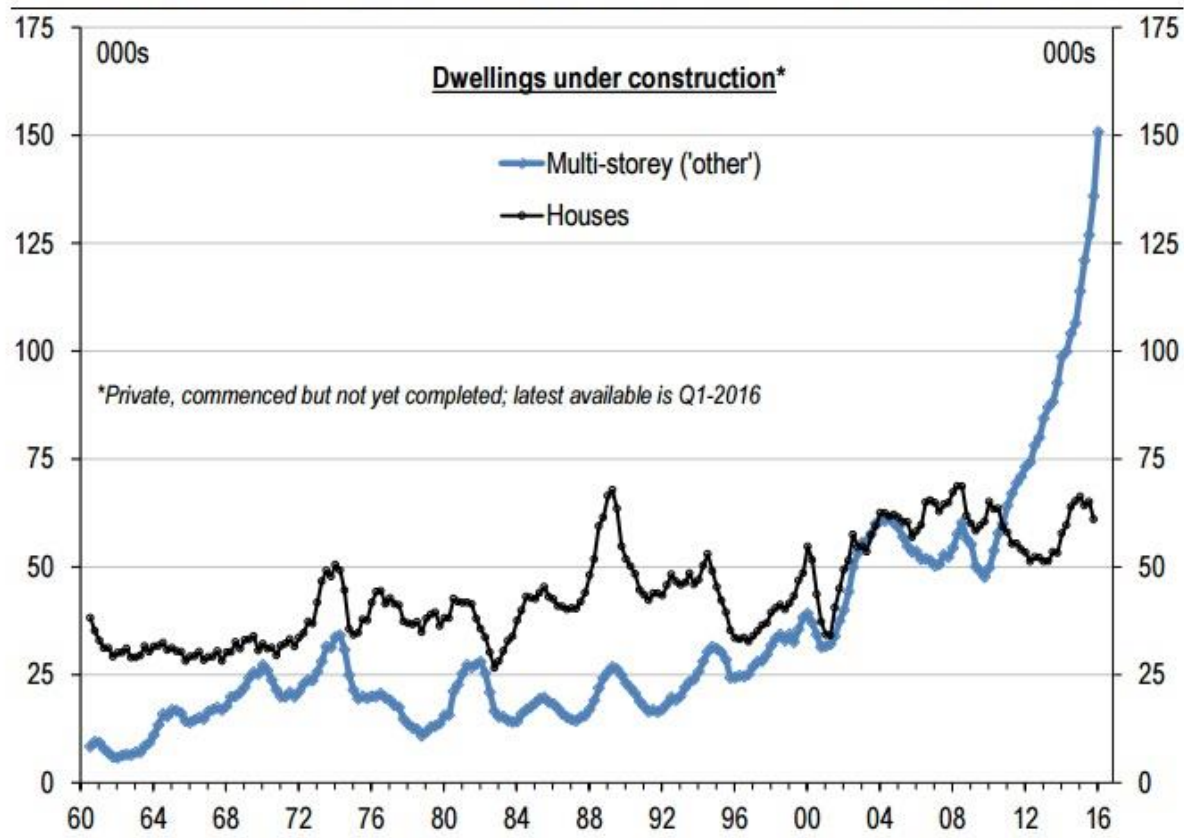
Australia is in the midst of an epic residential construction boom. Or, to be more correct, we're building up, not out, at unprecedented rate.

There's no better demonstration of it than in the chart below, supplied by UBS' Australian economics team consisting of George Tharenou, Scott Haslem and Jim Xu.

It shows the number of private dwellings under construction in Australia at present, using data supplied by the Australian Bureau of Statistics as part of its quarterly building activity

report, released on Wednesday. The black line shows the number of houses under construction, the blue line high-density dwellings, namely apartments.

Figure 2: Dwellings under construction 'super-boomed' in Q1 to a record high 216k (as commencements spiked)



Source: ABS, UBS

Yes, if you couldn't tell by the skylines of Sydney, Melbourne and Brisbane, apartment construction is going nuts. Like a rocket lifting off, it looks like it's heading to the moon, and perhaps beyond.

According to the ABS, there were 150,706 "other" residential dwellings under construction in the first quarter of 2016, up 10.9% on the prior quarter and 32.4% higher than the levels of a year earlier. From five years ago, that extends to an increase of 135%.

Massive.

UBS describe the current trend as a "super boom". With so much supply hitting the market, let's hope that's not going to be followed by a "super bust", whether in terms of construction levels or apartment prices.