

Victorian building permit data reveals \$38bn spend, fewer permits in 2019

Victorians spent almost \$38.3 billion on building work in 2019, pushing the dollar value of all reported permits to the second-highest total since records began.

With a cost of works of around \$38.28 billion, the value of all Victorian building permits reported last year was 3.35 per cent lower than the record high of \$39.61 billion set in 2018. The strong 2019 result coincides with a fall in the total number of permits to 101,988 – the lowest level in five years.

Housing once again fuelled the state's building activity, accounting for 82 per cent of all permits and 60 per cent of the reported total dollar value for the calendar year. But despite the positive news, construction of houses and apartments – officially known as domestic building activity – fell sharply, with the number of permits sinking 11.5 per cent and the overall cost of works falling eight per cent.

Residential building activity covering hotels, motels and other accommodation such as student housing saw the number of permits rise marginally (up 10 to 804) compared to 2018, while the dollar value of the category increased by 12 per cent to finish the year at \$1.745 billion. (From 1 July 2019, the VBA redefined domestic building use to include apartment buildings. Permits for apartment buildings received between 1 January and 30 June 2019 remain classified under the residential building use category.)

Victoria's commercial building sector also saw strong investment, with the value of work surging 21.3 per cent to \$6.44 billion – a record high, despite a five per cent fall in the number of reported permits.

Across the state, building activity slowed in all regions except North Central, which reported a near two per cent increase in permits. Gippsland, North Central and North West regions also recorded modest increases in costs of work – \$10.3 million, \$36.1 million and \$67 million respectively.

In metropolitan Melbourne, 11 municipalities reported building works of at least \$1 billion, with the cities of Melbourne (\$6.15 billion), Wyndham (\$2.34 billion) and Monash (\$1.53 billion) ranking as the top three.

In terms of permits, Wyndham was a clear leader, reporting 6198 permits for the calendar year, followed by Greater Geelong (5542), Casey (5094) and Hume (4345). The City of Melbourne ranked eighth, with 3176 permits.

Regional Victoria saw mixed results across municipalities, with Greater Geelong reporting around \$1.67 billion of works, Ballarat \$644 million and Greater Bendigo \$468 million. Seven other regional municipalities reported individual costs of work of between \$215 million and \$373 million.

Further analysis of regional permit activity revealed that 57 per cent of areas (29 of 51) reported growth in their 2019 costs of work when compared to 2018. Towong, in Victoria's north-east, surged from \$6.7 million to \$22.2 million, while Latrobe, in Gippsland, increased from \$183.3 million to \$308.5 million. In contrast, Central Goldfields decreased to \$20.9 million from \$25.6 million.

In a key finding for 2019, regional Victoria outperformed metropolitan Melbourne by 5.37 per cent in terms of annual growth in the value of building permits. Regional Victoria grew by 1.03 per cent, while metropolitan Melbourne contracted by 4.34 per cent.

Other key breakdowns reveal a substantial change in the hospital and healthcare category. The total value of permits fell sharply from \$1.15 billion in 2018 to \$776.3 million in 2019, while the number of permits remained largely static (up six to 522).

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Over the same period, the value of retail building work declined slightly (by 1.35 per cent to \$2.17 billion), while the value of work on public buildings fell 8.7 per cent to \$3.23 billion. In contrast, industrial building work increased in 2019, moving from \$754.7 million to \$823.1 million.

The 2019 building permit activity data was released by the Victorian Building Authority.

Visit the VBA website for an [interactive five-year breakdown of building permit data](#) in each Victorian municipality or download the [2019 building permit activity summary](#).

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Media Enquiries

Karen Lyon, Communications Manager – **Phone:** 03 9618 9316 **Email:** communications@vba.vic.gov.au

Web: vba.vic.gov.au **Twitter:** @VicBuilding **Instagram/Facebook/LinkedIn:** @VictorianBuildingAuthority