



Industry Outlook for the ACT



Geordan Murray, Senior Economist

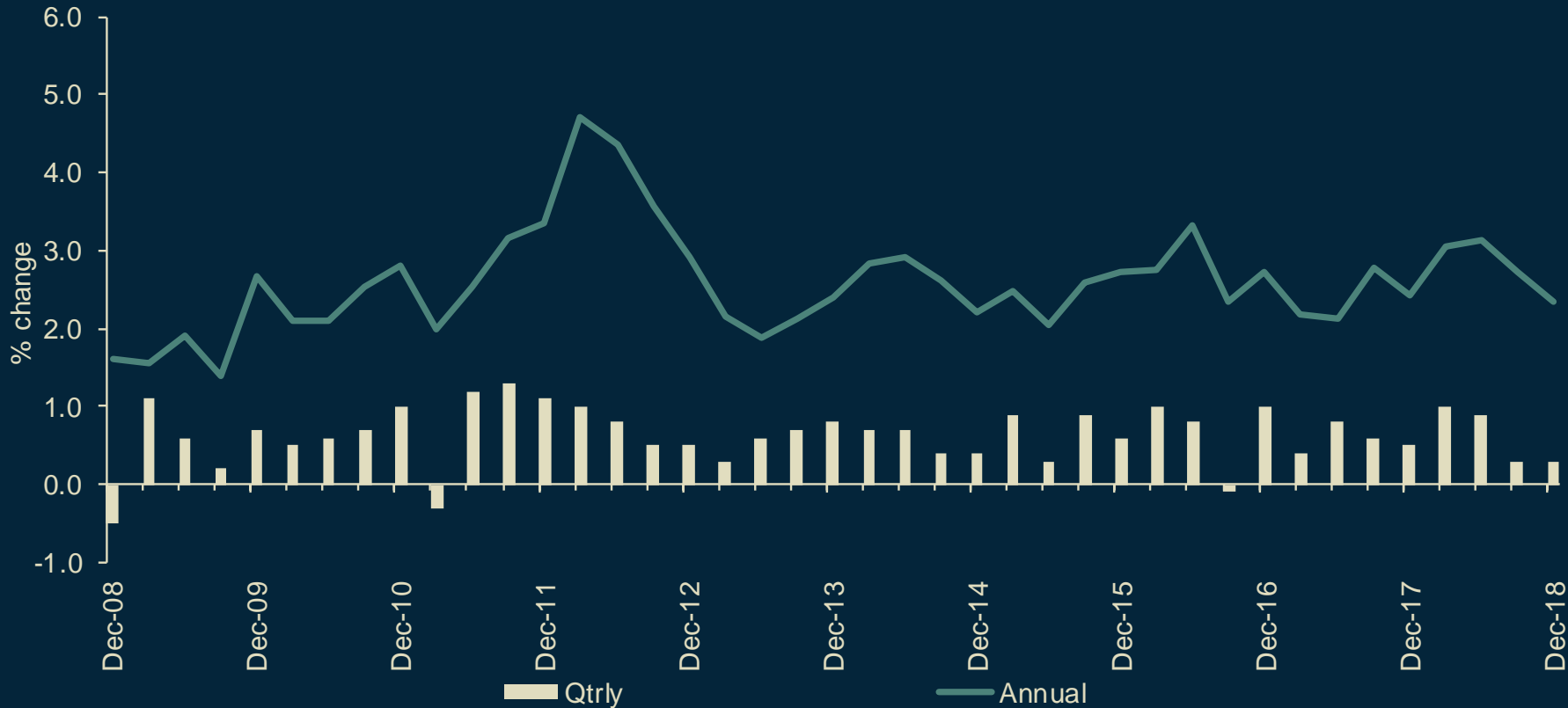
March 2019

What happened to the optimism?



Gross Domestic Product

Source: ABS 5206

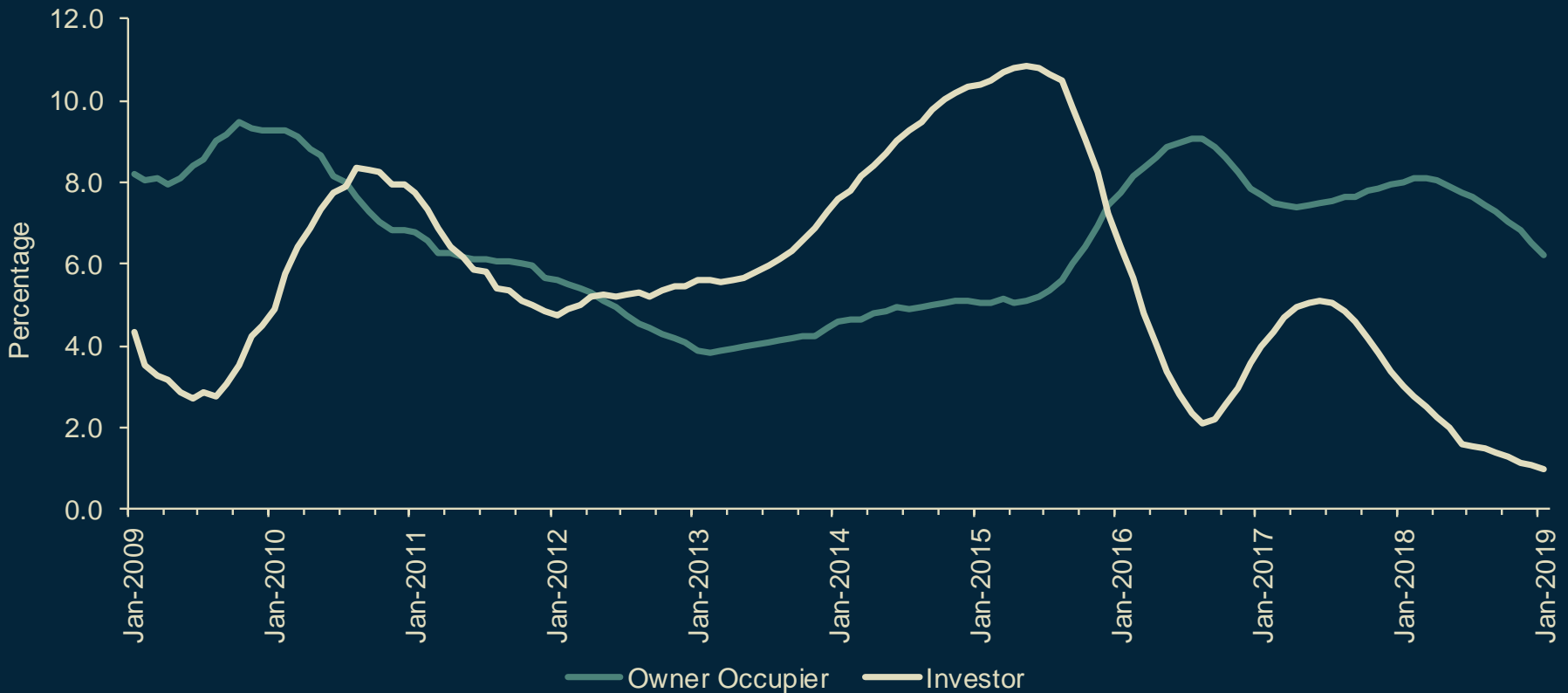


The 'credit squeeze'



Annual Growth in Housing Credit

Source: HIA Economics, RBA

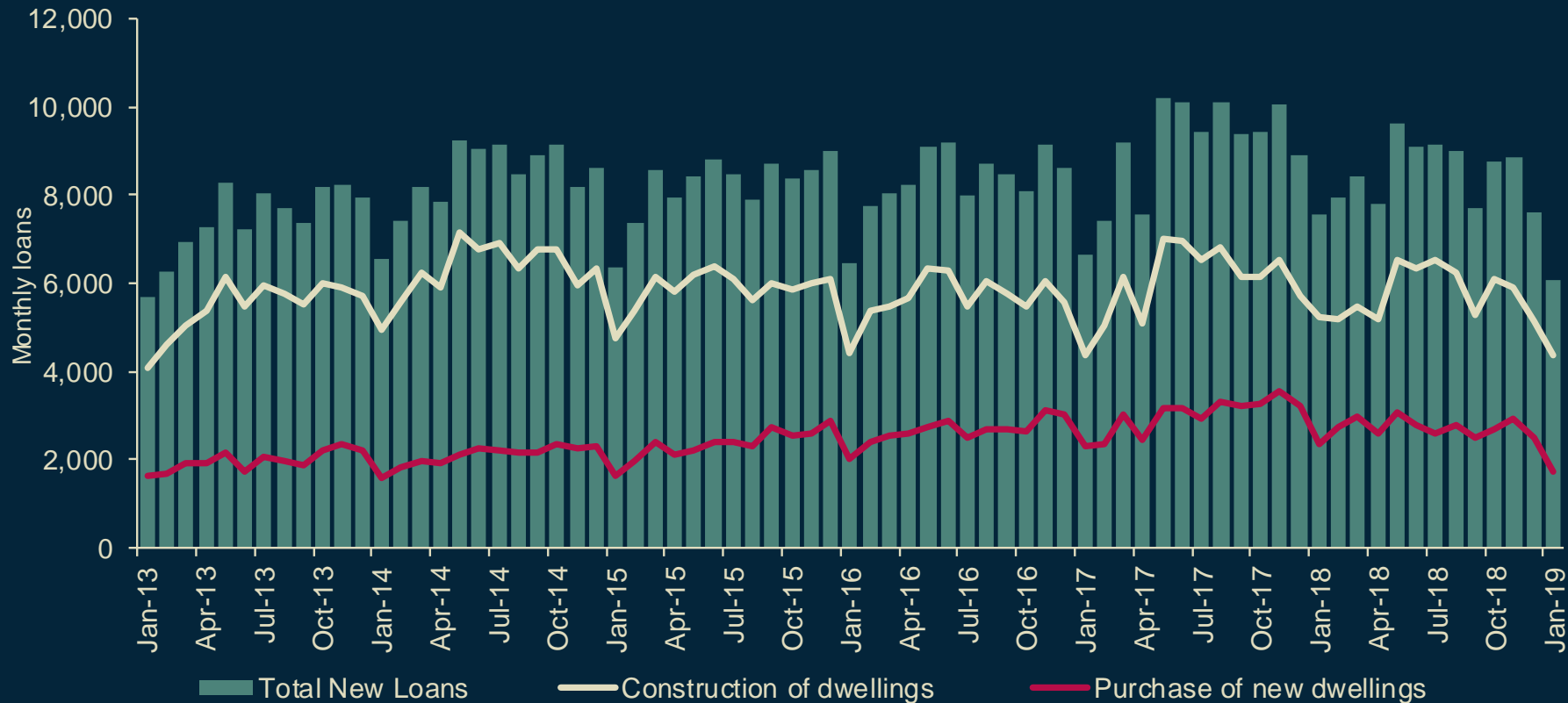


...it also hit new home lending in late 2018



New Home Lending - Number of Loans

Source: ABS Housing Finance

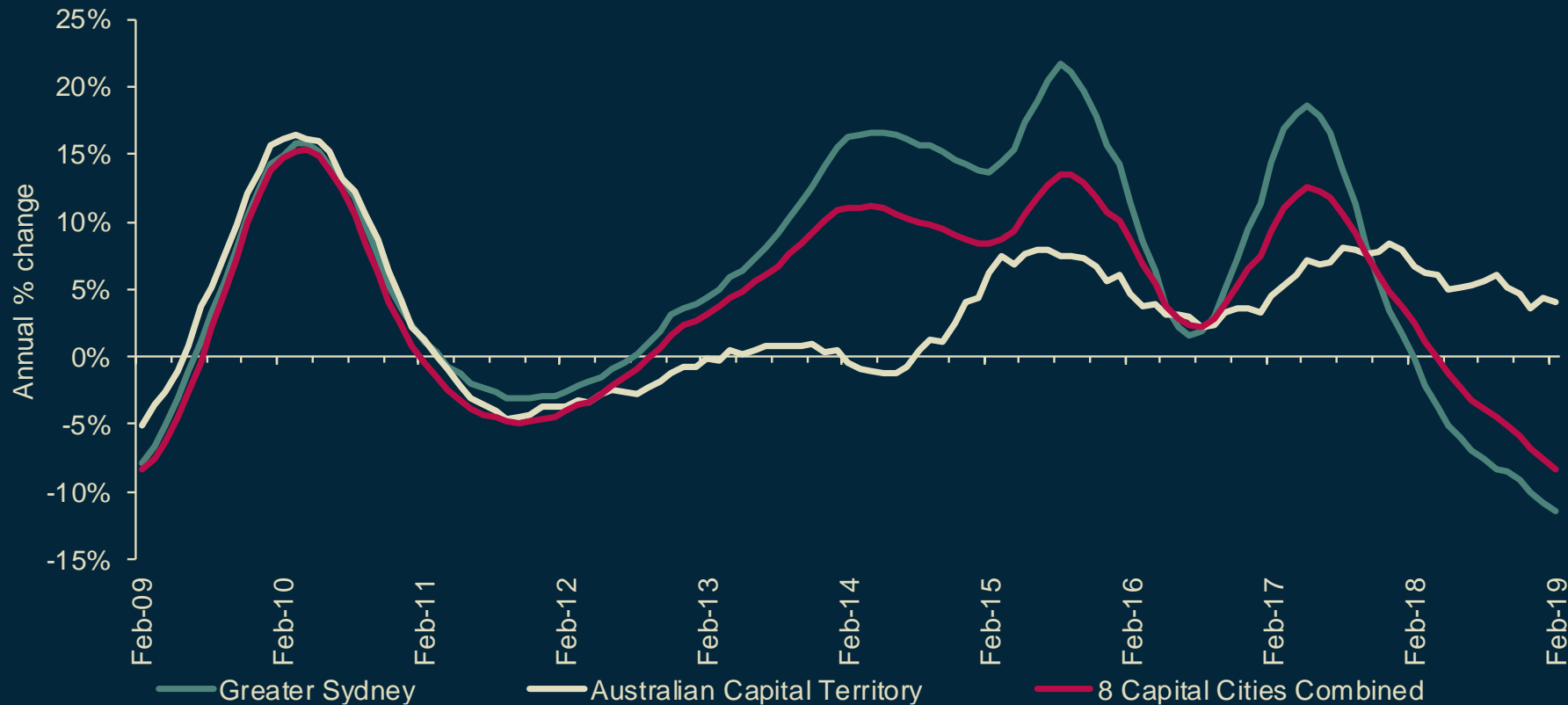


Unfortunate timing



Annual growth in house prices - Sydney, National, Canberra

Source: CoreLogic Hedonic Daily Home Value Index



Should we expect a 'wealth effect'?



Household Consumption Expenditure

Source: HIA Economics, ABS 5206



Wage growth remains low...but is rising



Annual Growth in Wages

Source: ABS



Labour market looks good



Unemployment Rate by State - February 2019 vs February 2018

Source: ABS Labour Force

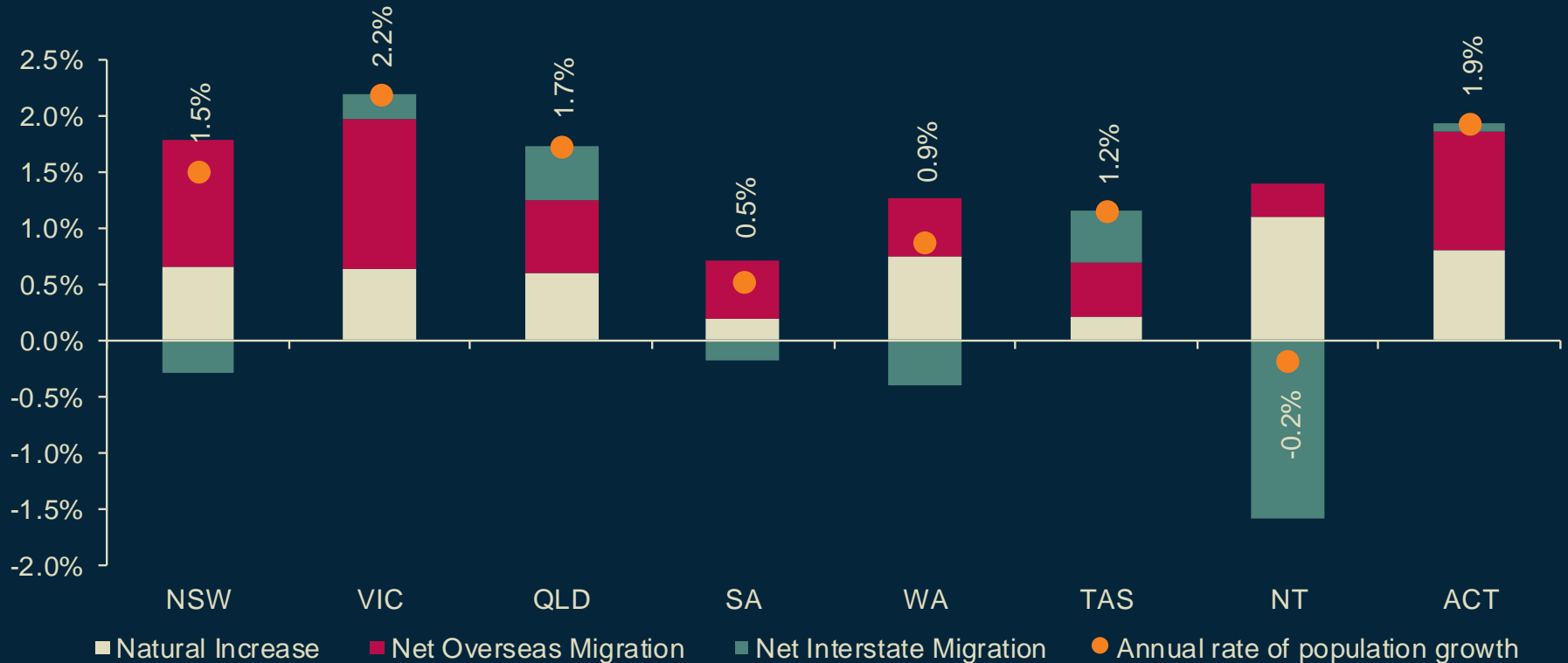


Jobs attract migration



Annual Contribution to Population Growth - September 2018

Source: HIA Economics, ACI

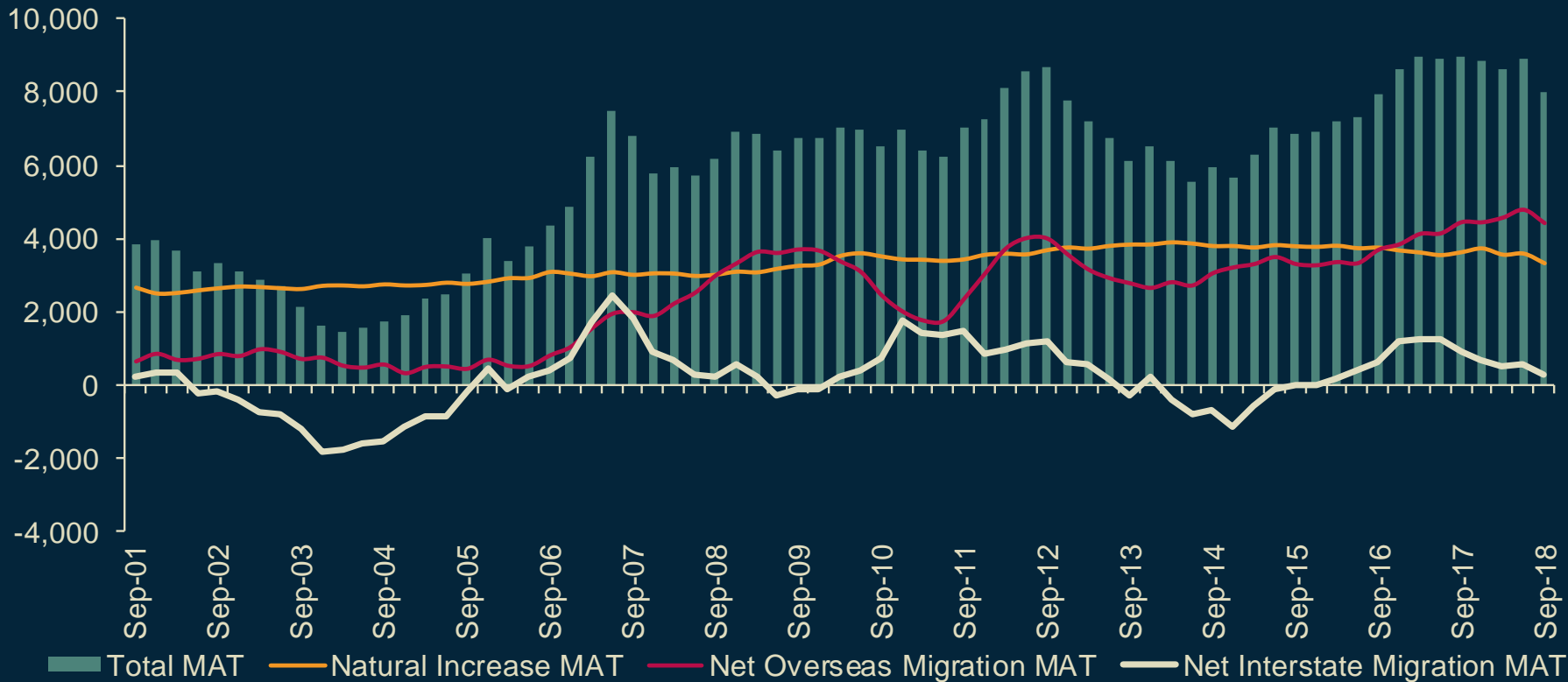




...so too does the education sector

ACT's Population Growth by Component - Moving Annual Total

Source: ABS 3101.0



Pipeline for non-residential construction



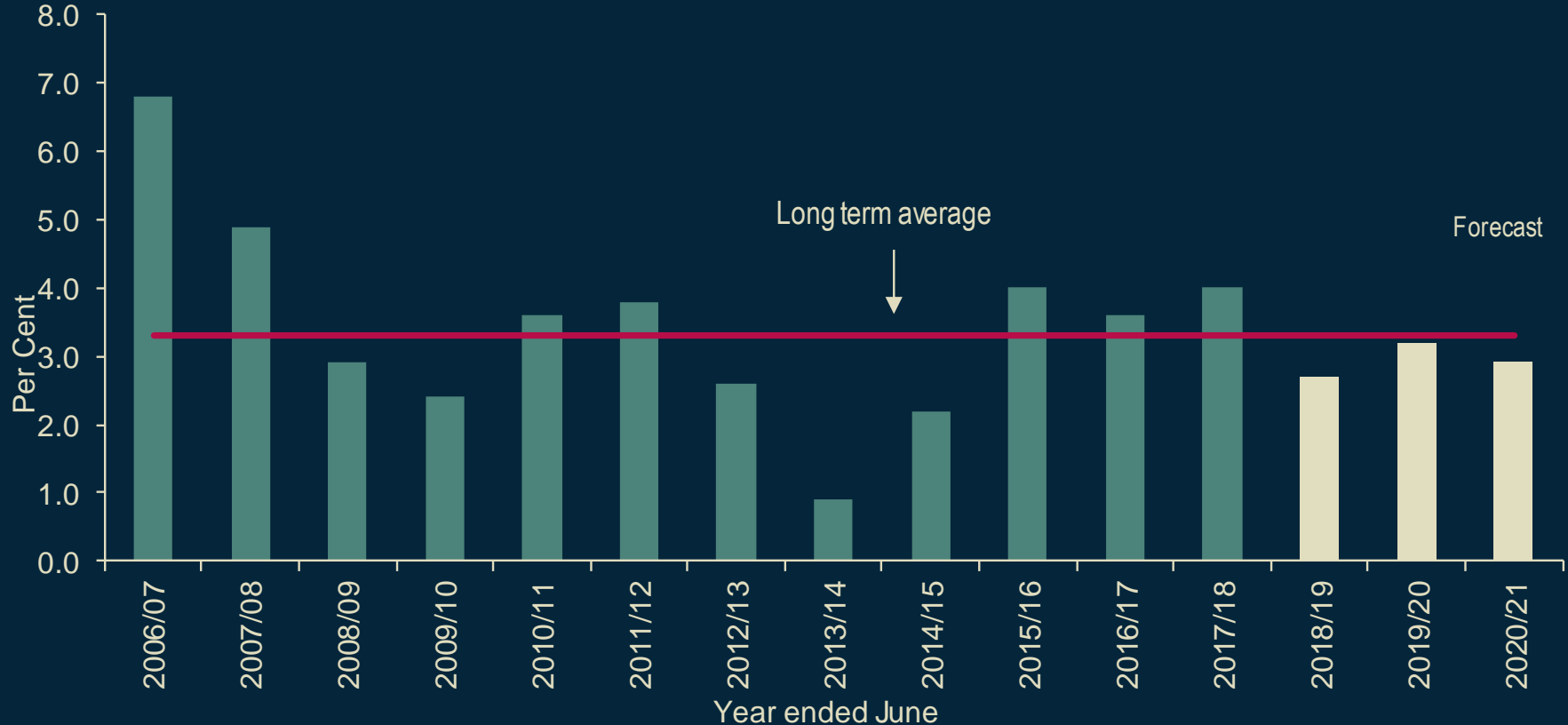
- Engineering:
 - Gundaroo Drive duplication
 - Horse Park Drive duplication
 - Road works around Whitlam
 - Monaro Highway upgrade
 - Light rail stage 2
- Commercial:
 - Canberra Casino redevelopment
 - War Memorial expansion
 - Expansion of Goodwin Village (Farrar)
 - Hotels and accommodation
 - More redevelopment at ANU
 - Canberra Hospital redevelopment
 - Numerous apartment/retail mixed use developments
 - New schools (Taylor and Molonglo) and upgrades to existing schools

Positive outlook for the ACT economy



Gross State Product - Australian Capital Territory

Source: ABS 5220.0; Access Economics

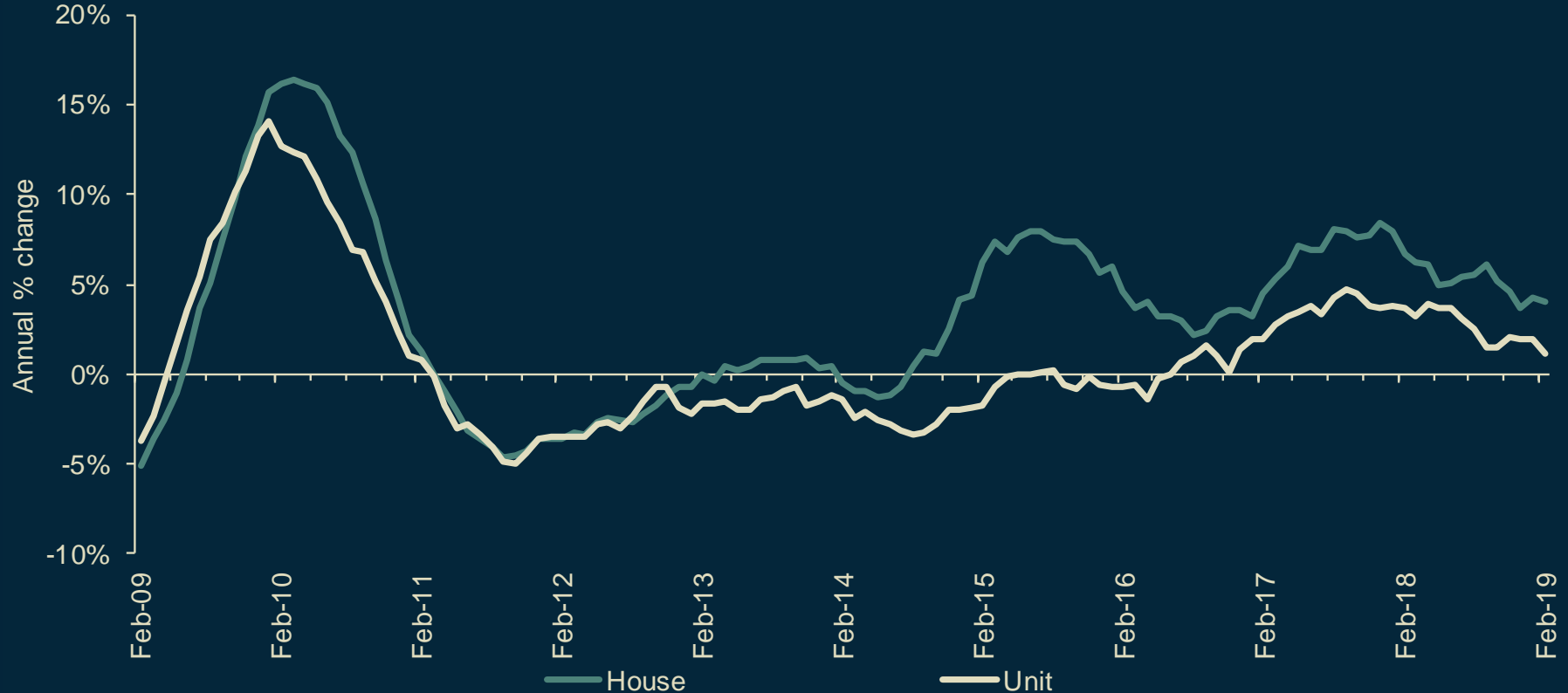


This will underpin demand for housing



Annual growth in home values - Canberra Houses and Units

Source: CoreLogic Hedonic Daily Home Value Index

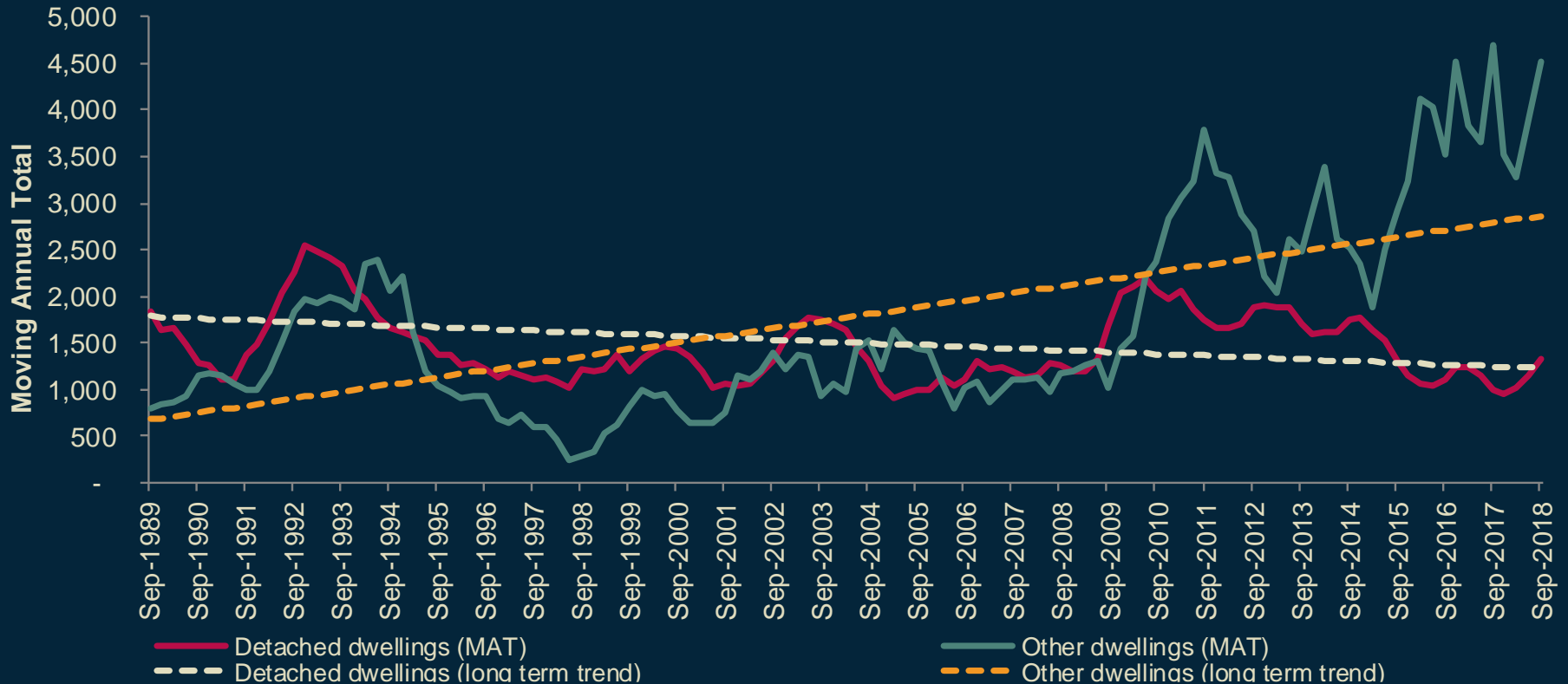


Shortage of detached houses?



Dwelling Commencements and Long Term Trends - ACT

Source: HIA Economics, ABS

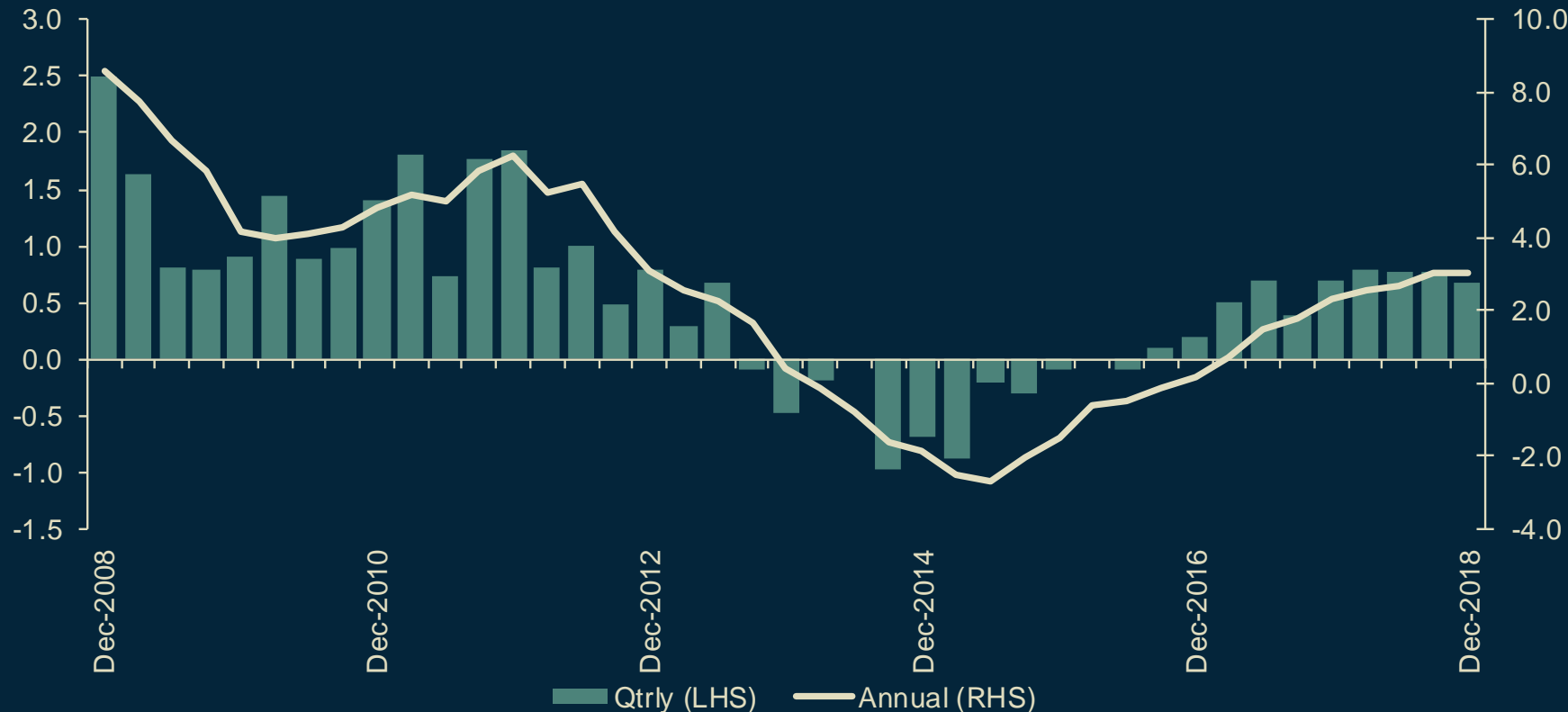


Rental market has tightened



CPI Rental Growth – Canberra

Source: ABS 6401

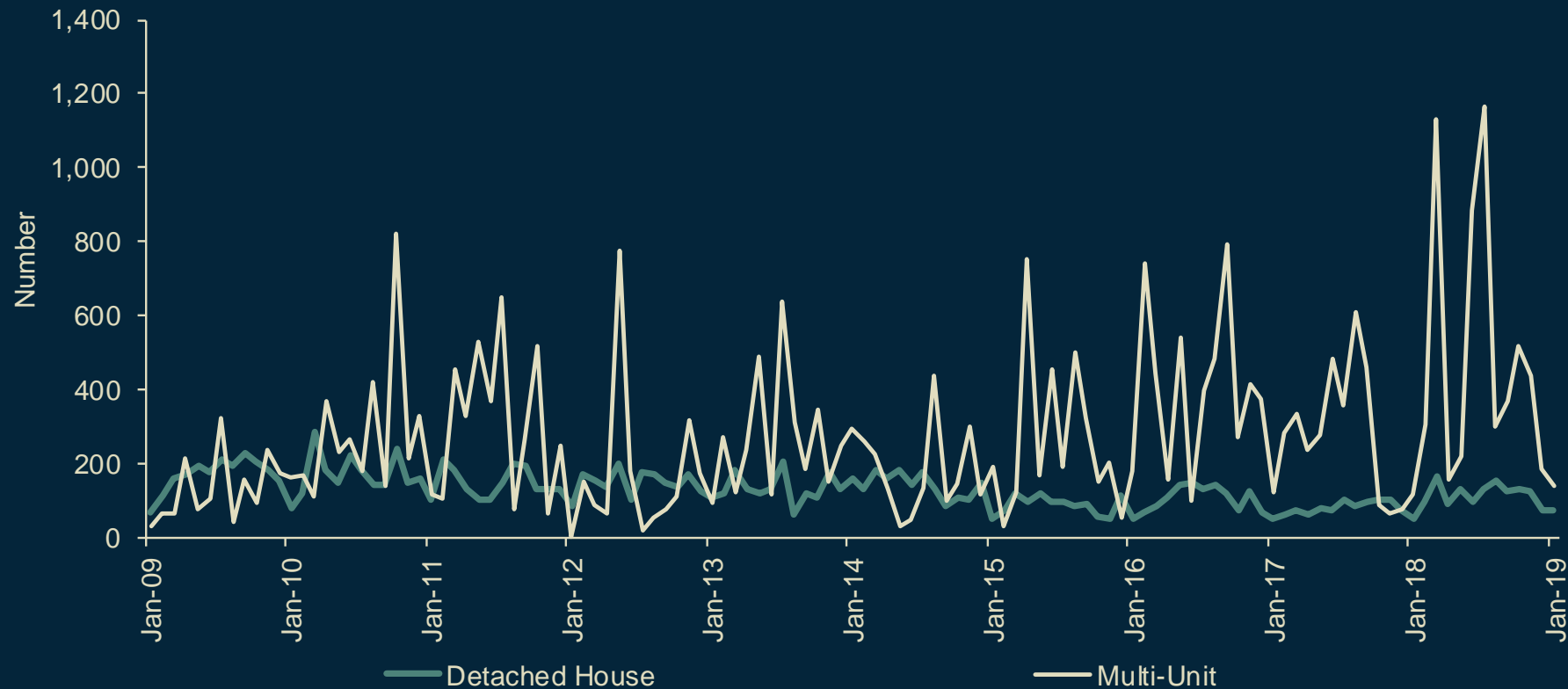


More dwellings in the pipeline...



Building Approvals - Australian Capital Territory (original)

Source: 8731

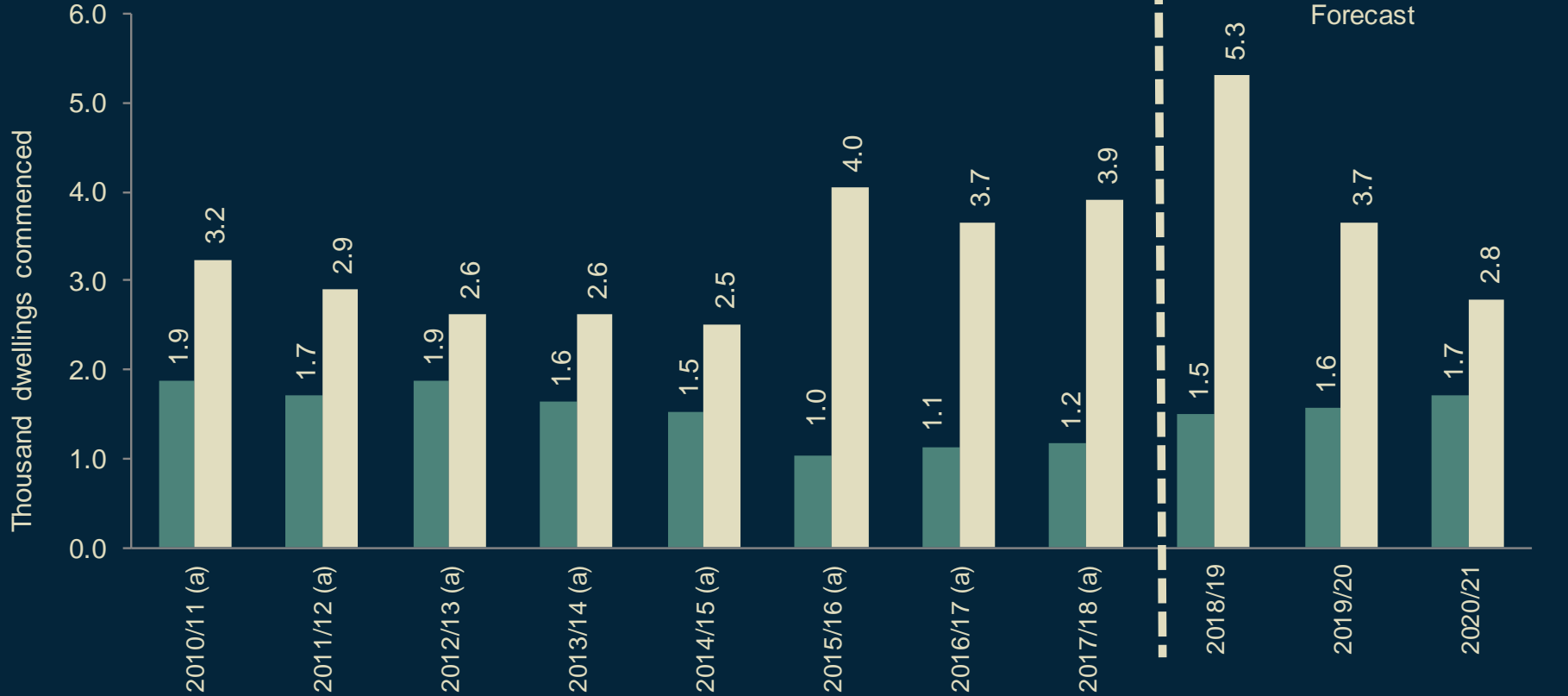


Outlook for the ACT



ACT Housing Starts Forecasts

Source: HIA Economics





Summing up...

- There is a lot to like about the ACT economy
- 2018/19 could see a record number of starts
- Confidence in housing has waned
- ...but this is likely to be short lived
- Local economy is in good shape
- Outlook for residential building remains positive.



THANK YOU FOR YOUR TIME