



Residential Building Outlook



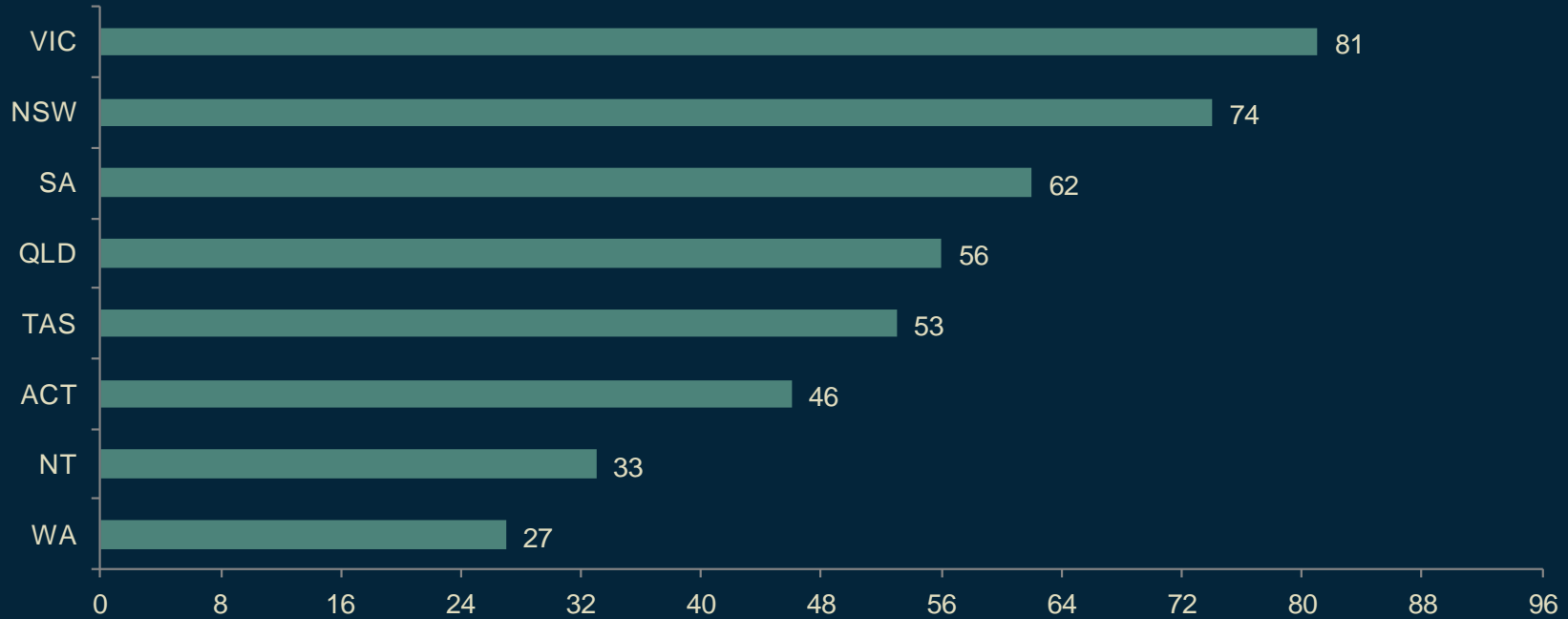
Geordan Murray, Acting Principal Economist

November 2018

Mid-Year Scorecard: Victoria topped the table



State Scores



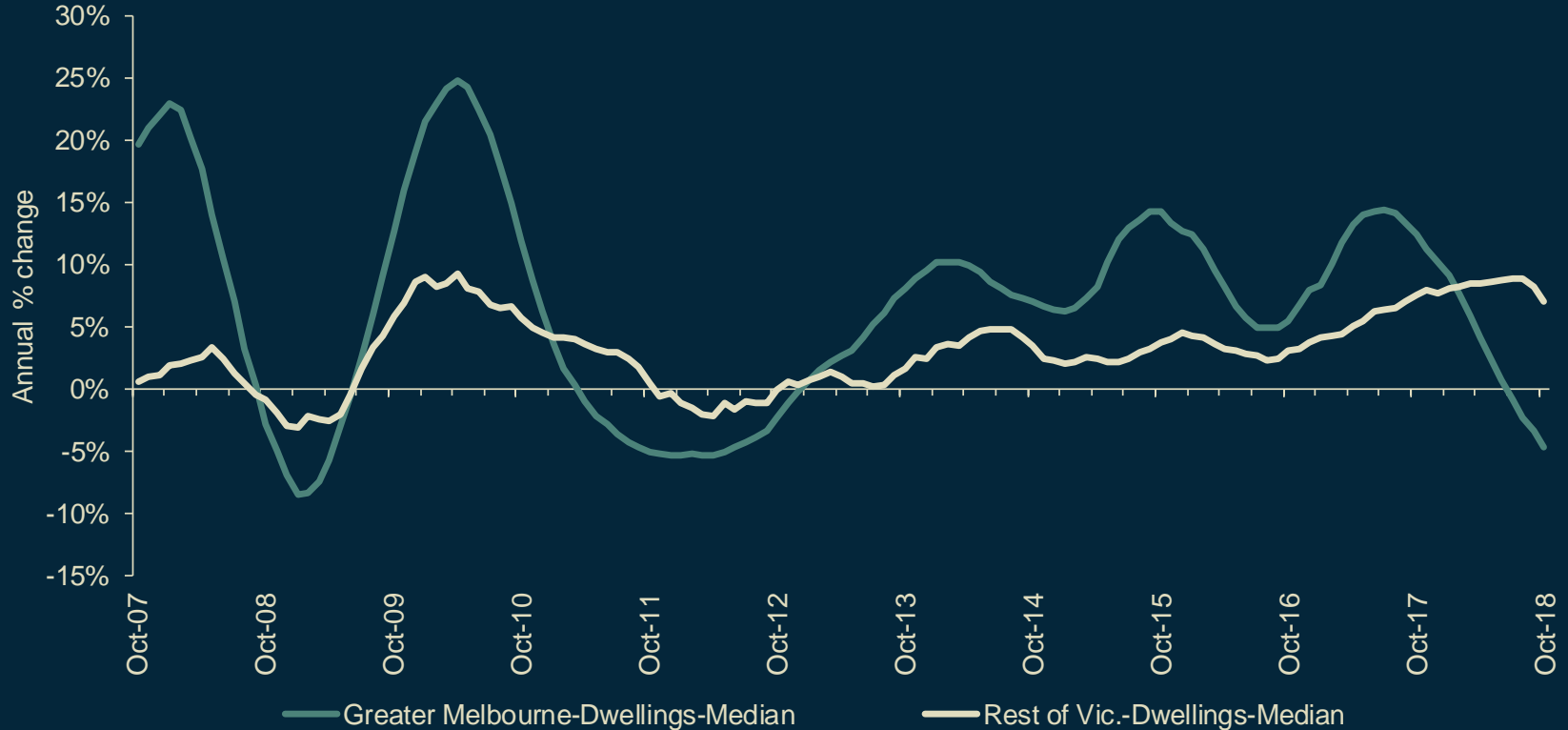
Score - A state score of 12 is the lowest possible and would arise if a state posted the lowest indicator score of 1 for all 12 indicators, 96 is the maximum possible and would arise if a state recorded the strongest possible score of 8 across all 12 indicators.

The housing cycle is moving on



Annual growth in Dwelling Values - Greater Melbourne & Regional Victoria

Source: CoreLogic

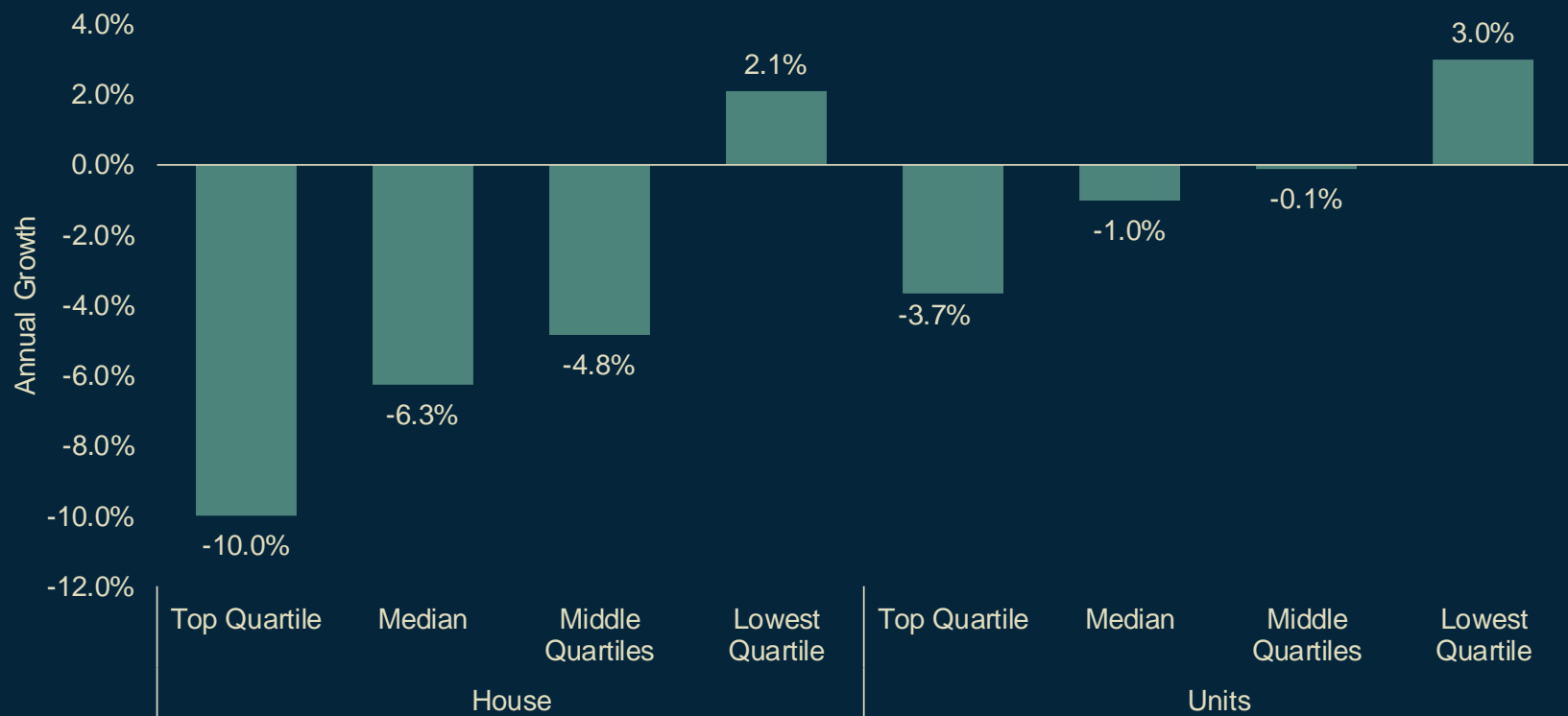


Variations across market segments:



Dwelling Values in Greater Melbourne - Value Range and Dwelling Type

Source: CoreLogic

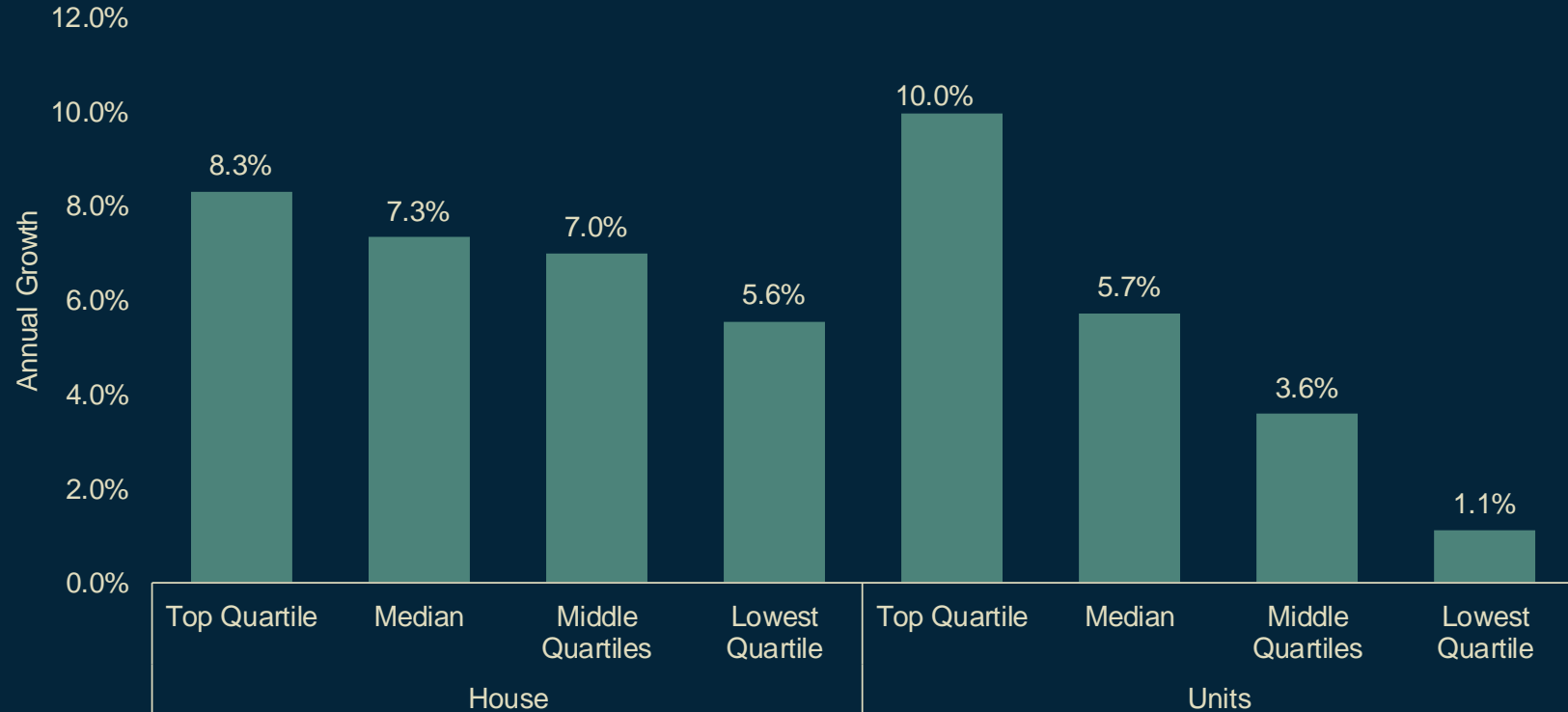




...even more variation in regional areas

Dwelling Values in 'Rest of Victoria' - Value Range and Dwelling Type

Source: CoreLogic

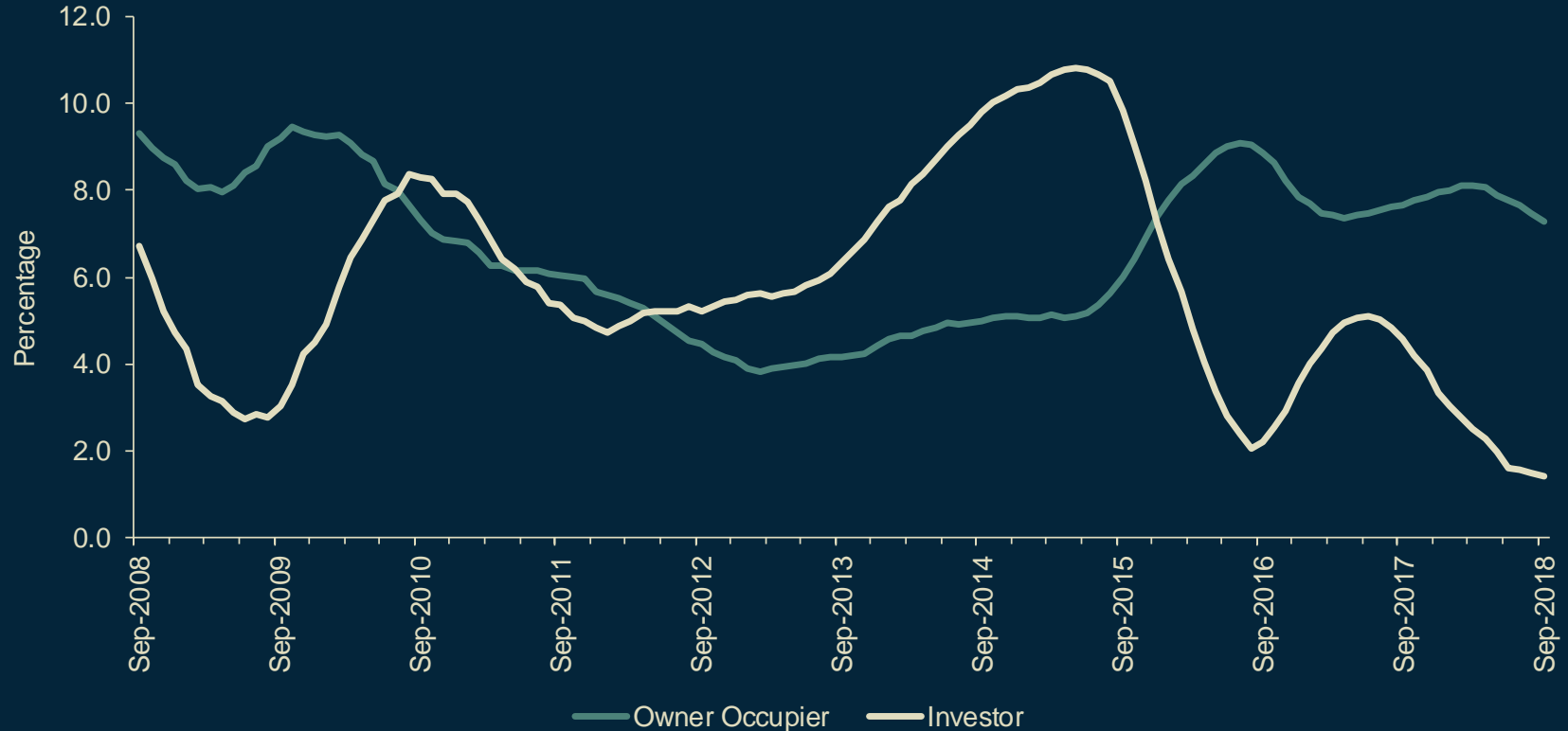


In the midst of a credit squeeze



Annual Growth in Housing Credit

Source: HIA Economics, RBA

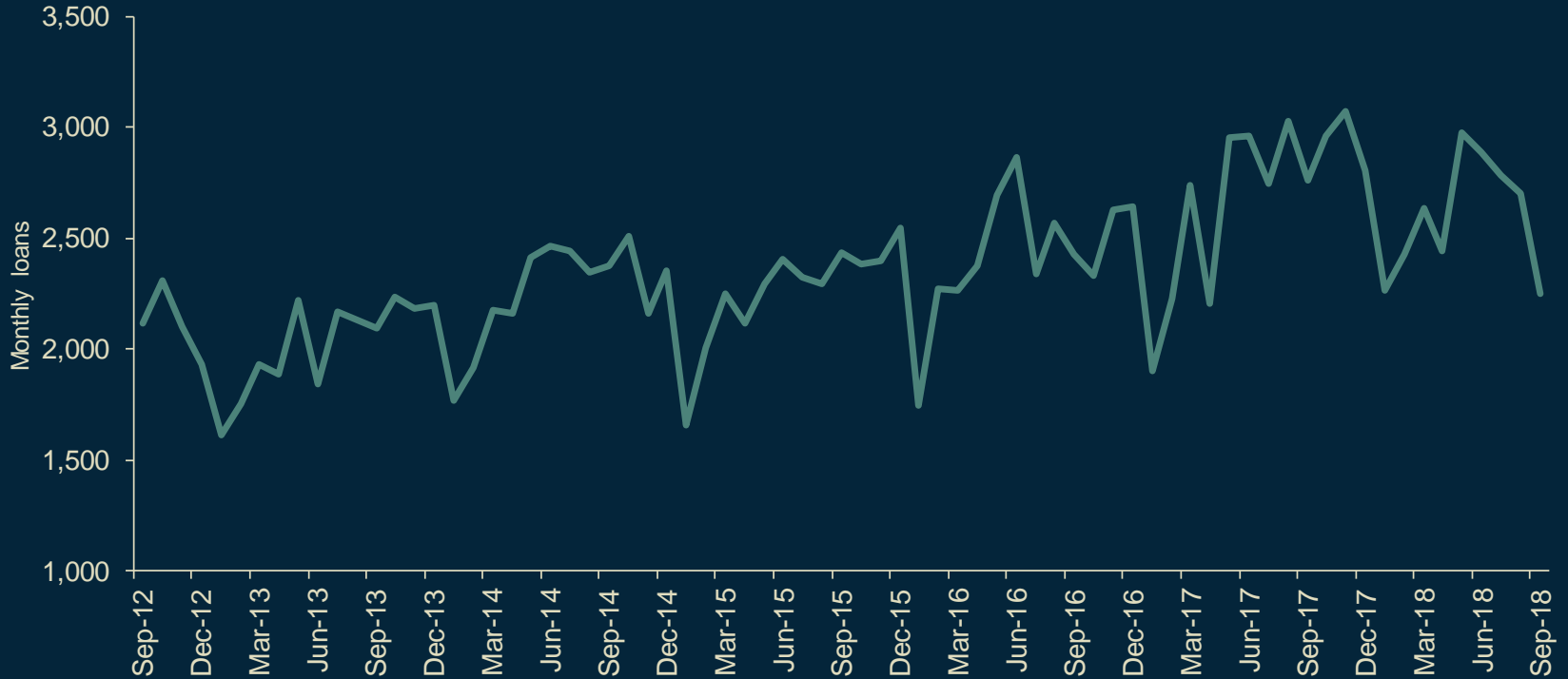


Softer Q3: Housing finance



VIC New Home Lending - Number of Loans

Source: ABS Housing Finance

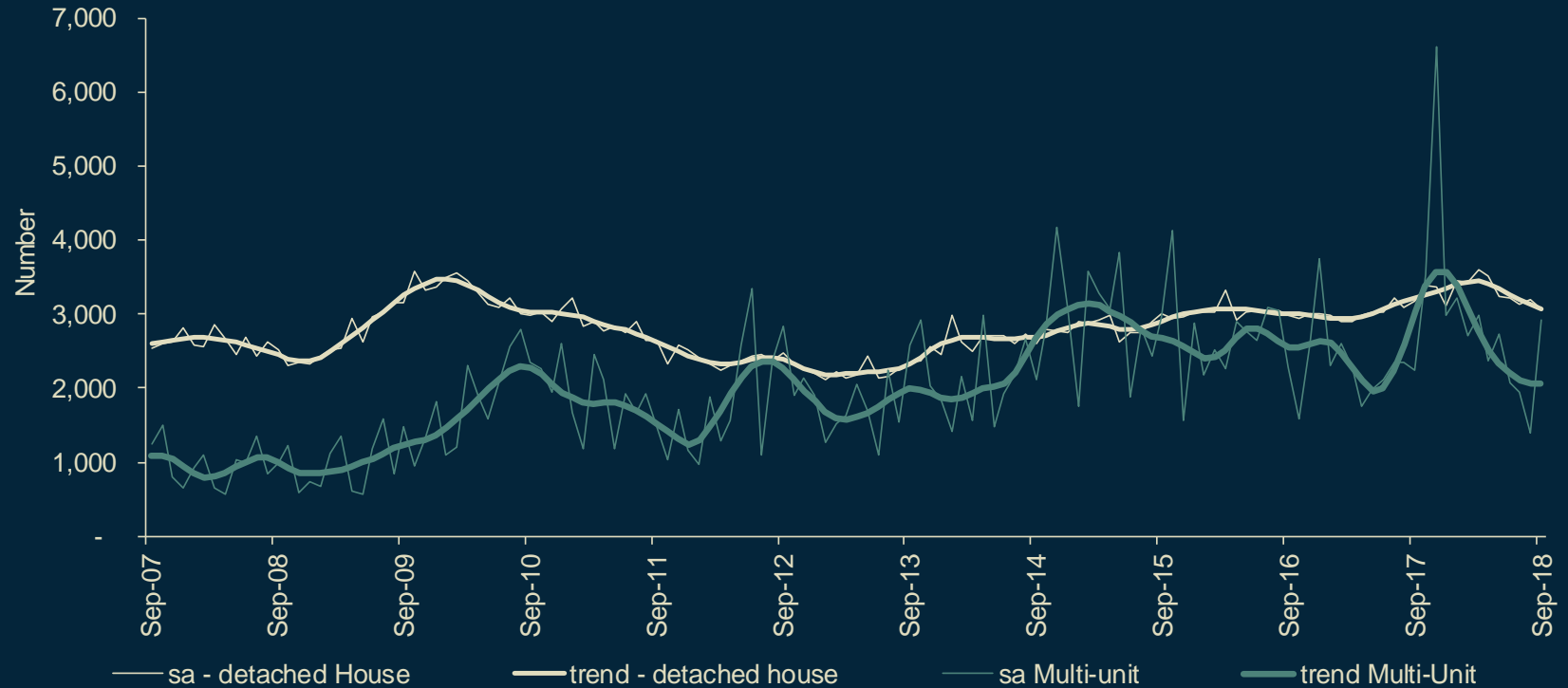


Softer Q3: Building approvals



Building Approvals - VIC

Source: 8731

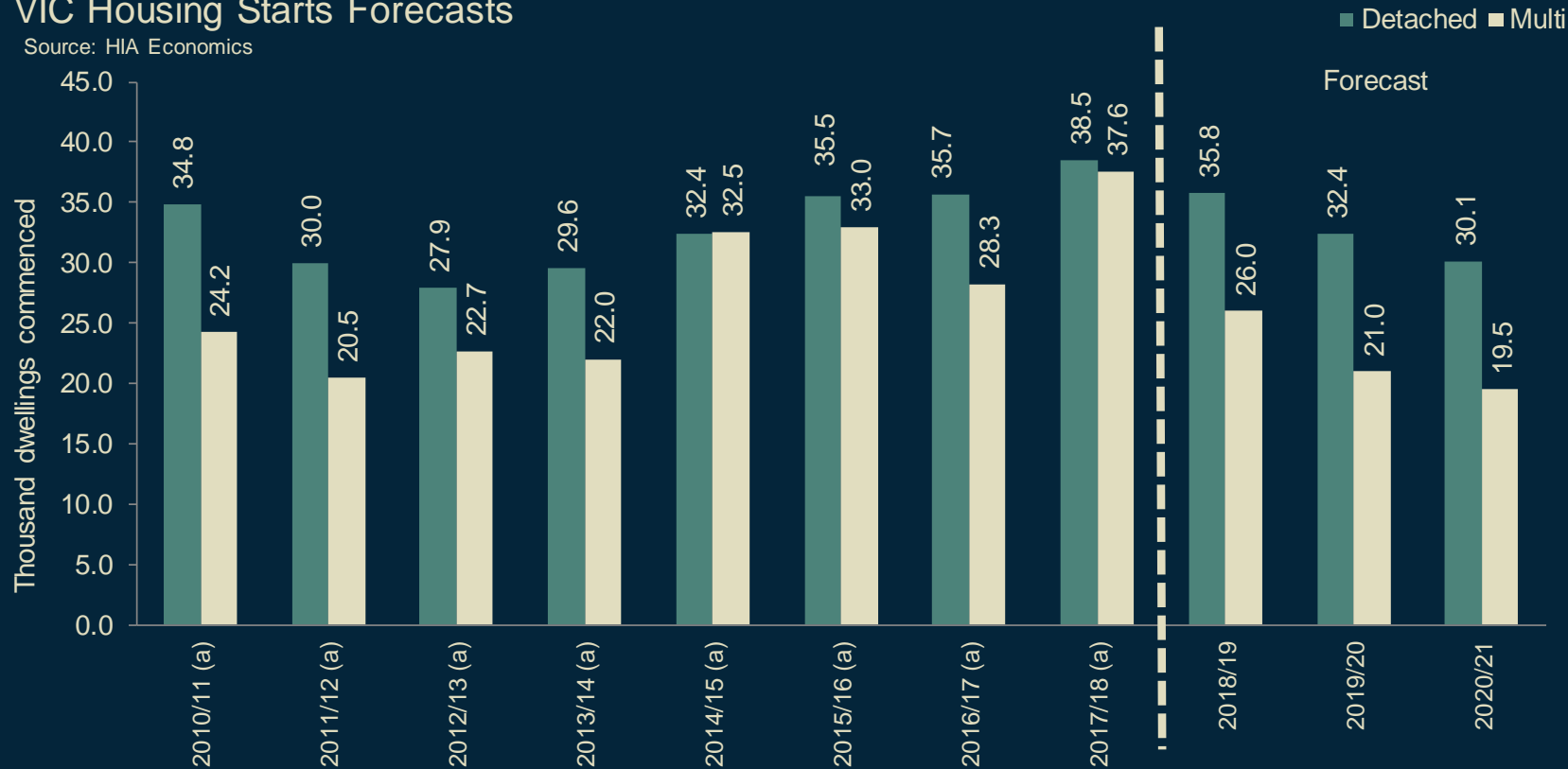


Forecast update



VIC Housing Starts Forecasts

Source: HIA Economics





Risks to the outlook

- Home price falls
- Wealth effect
- Rising borrowing costs
- Royal commission
- Changes to negative gearing
- Cap on immigration
- State budget



Causes for optimism

- Strong economic growth
- Pipeline of investment
- Population growth
- Labour force
 - Job creation
 - Unemployment
 - Wage growth



THANK YOU FOR YOUR TIME



Geordan Murray

Acting Principal Economist