



HIA Housing Scorecard

HALF
YEARLY
REVIEW

STATE BY
STATE
ANALYSIS

STATE
RANKINGS

NEW HOME
BUILDING

A state by state performance review of residential construction

Winter 2020

STATE RANKINGS SET FOR A SHAKEUP FOLLOWING COVID-19 POPULATION GROWTH SHOCK

The HIA Housing Scorecard provides a half yearly review of residential building conditions in each state and territory. Across a range of activity indicators, the most recent performance in each state is benchmarked against the state's longer term average. This analysis is aggregated in a scoring system which provides a ranking that highlights the relative strength or weakness of residential building activity in each state and territory.

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In the early stages of the COVID-19 recession, conditions in the residential building industry appear to have remained stable. This hides the fact that underneath this calm exterior, conditions are brewing for a significant rebalancing in the rankings of building activity in each state and territory.

Across the range of activity indicators, the leading indicators are starting to reflect the initial adverse impact of the COVID-19 restrictions that emerged in 2020. These were observed most significantly in HIA's New Home Sales data and is now appearing in building approvals and housing finance. The full impact of COVID-19 and the subsequent impact of HomeBuilder will take some months to emerge in official data.

Victoria has once again topped the Housing Scorecard. The state has been in the top position for eight of the last nine quarters and in the top two for all but one quarter of the last six years. This is a remarkable achievement. As HIA's Housing Scorecard compares each states' performance relative to its decade average, the ability of Victoria to remain so high in the rankings for so long is an indication of the strength of its economy.

Tasmania has also stayed close to the top of the list with investors following the rapid house price growth of recent years and investing in new housing stock. This ongoing work gave Tasmania momentum going into the COVID-19 recession. So too in South Australia, which rounds out the top three, where the volume of multi-units under construction has remained solid in comparison to the past decade.

The Housing Scorecard benchmarks contemporary levels of activity in each state and territory against long term averages across indicators of:

- Detached house building
- Multi-unit dwelling building
- Renovations
- Housing finance
- Overseas and interstate migration.

As its name suggests, the 'Education State' receives a greater economic benefit from foreign students and tourists than any other state or territory. These students and tourists have been a significant boost to demand for housing, especially apartment-style living and short-stay accommodation.

Supported by significant investment in infrastructure, strong jobs growth has seen Victoria continue to attract more skilled workers from overseas and interstate than any other state or territory.

Home building in Victoria boomed on the back of this strong and sustained population growth, keeping Victoria at the top of the rankings and generating a significant number of jobs in construction and the broader economy. To a lesser extent, New South Wales has also benefitted from overseas students and strong employment growth due to a boom in multi-unit construction.

With the COVID-19 restrictions impairing these cornerstones to the Victorian and New South Wales economies, there are more jobs at risk in the multi-unit sector in these states.

At the other end of the spectrum is Western Australia.

Along with the Northern Territory, Western Australia has been sitting at the bottom of the rankings for the past four years. Unlike Victoria, WA's economy has not capitalised as effectively on overseas tourists and students.