



HIA

New Home Sales



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SALES

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A monthly update on the sales of new homes

March 2021

MARCH MADNESS SEES NEW HOME SALES SPIKE

New Home Sales surged in March to reach the second strongest level since 2004, behind December 2020.

New Home Sales soared in March 2021 to be 90.3 per cent higher than February as the second – and final – phase of the HomeBuilder grant closed.

A surge in sales was observed following the announcement of HomeBuilder in June 2020. HomeBuilder, combined with low interest rates, changing population dynamics and improving market confidence, led to strong sales through to the end of 2020. In December 2020, there was a near record volume of new home sales as households rushed to finalise contracts to build a new home before the end of the \$25,000 grant.

This same effect can be seen in March as households rushed to get access to the \$15,000 grant.

While the number of sales in March did not reach the same heights as December, it was still the second strongest monthly result since 2004.

Over the year to March 2021, sales increased by 42.6 per cent compared to the previous year, which was mostly prior to the impacts of COVID-19. This indicates a strong level of building activity will occur in 2021 and into 2022, providing employment to the construction sector and supporting the wider economy.

HomeBuilder brought forward demand for new homes. As a consequence, sales over the coming months are expected to cool from recent highs.

Since the onset of COVID-19 a significant shift has occurred in consumer preferences towards detached houses and regional locations. Preliminary migration data shows more Australians left the capital cities in each of the first three quarters of 2020 than at any other time since records began in 2001. This involved an acceleration of retirement plans and fewer people moving to urban centres for work or education. Working from home arrangements have helped to facilitate this change in consumer preference.

This demographic shift in population will continue to drive demand for new detached homes. Recent strong house price growth has also sparked FOMO in buyers, which will continue to support the industry.

Sales in the March 2021 quarter increased across all the five largest jurisdictions compared to the same time the previous year. South Australia was up by 90.6 per cent, followed by Queensland (+54.9 per cent) and Victoria (+41.9 per cent). New South Wales increased by 24.7 per cent and Western Australia is up by 15.2 per cent over the same period.

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Methodology: Each month HIA surveys the largest 100 home builders in Australia on their sales (contract to build) volume for the previous month. These builders account for 40 per cent (2019/20) of all houses built in Australia. This sample is used to extrapolate results for the rest of the market including a seasonal adjustment.

Each October the sample surveys are recalibrated to reflect changes in the market share of each of the 100 largest builders. This can affect the comparison between September and October results.

