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New Home Sales



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A monthly update on the sales of new homes

May 2021

NEW HOME SALES STRENGTHEN IN MAY

A positive outlook for demand of new homes.

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A record number of new homes are expected to commence construction in 2021 due to HomeBuilder and lower interest rates. Sales of new homes were anticipated to decline following the end of the HomeBuilder in March 2021. This has occurred with sales in the months of April and May falling 35.7 per cent below the previous two months. Despite this, sales remain solid in comparison to pre-COVID levels.

In the two months since the end of HomeBuilder, new home sales remain 2.9 per cent higher than the same months in 2019 showing there is ongoing demand for new detached homes. This shows that record low levels of interest rates and confidence in the housing market are continuing to facilitate demand.

New home sales in April and May 2021 are also 27.6 per cent higher than in the same months in 2020. There were significantly affected by the COVID recession, and not a fair benchmark of typical market activity.

New South Wales has driven this result more than any other state. Sales in April and May 2021 were 36.9 per cent higher than at the same time in 2019 and 41.8 per cent higher than in 2020. New South Wales had the poorest uptake of HomeBuilder on a per capita basis. There were also fewer applications for HomeBuilder in New South Wales than in WA, a state with less than one third the population.

The strength of sales in New South Wales suggests that demand for new homes in other states will grow as the impact of HomeBuilder fades.

Comparing the last two months of April and May to the same months in 2019, New South Wales led the pack, up by 36.9 per cent. This was followed by Western Australia (+26.0 per cent), Queensland, (+4.0 per cent), South Australia (-14.2 per cent) and Victoria (-16.1 per cent).

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 re-calibrated to reflect changes in the market share of each of the 100 largest builders. This can affect the comparison between September and October results.

