## HIA

# New Home Sales


**A monthly update on the sales of new homes**

**January 2021**

# NEW HOME SALES FALL AS RUSH FOR HomeBuilder Ends

The impact of HomeBuilder 2.0 will not be observed in New Home Sales until March.

New Home Sales in January 2021 were just one third of the remarkable volume of sales achieved in December 2020.

New Home Sales reached remarkable heights in the December 2020 quarter, almost 100 per cent higher than at the same time the previous year. This surge in sales can be attributed to HomeBuilder as households finalised contracts to build a new home before the end of the 31 December 2020 deadline to access the $25,000 grant.

A more accurate comparison is that national sales in January 2021 were 12.1 per cent lower than in the previous year. New South Wales (+3.3 per cent) and South Australia (+34.1 per cent) both saw sales rise in January 2021 compared with 2020 while sales were lower than in the other states. Sales fell most significantly in Victoria (-27.5 per cent), Western Australia (-16.5 per cent) and Queensland (-9.5 per cent).

Overall this is an encouraging result given the nature of the market in January. HomeBuilder drew forward sales into December to attract the $25,000 grant and it will also push sales back until the end of March. This suggests that many of the projects sold in January were not HomeBuilder eligible projects.

To be eligible for HomeBuilder 2.0 ($15,000 grant) a home buyer must sign a contract to build a home before the end of March. The program also requires construction to commence within six months following the signing of a contract. To ensure the most flexibility, and to allow more detailed planning of the project, most HomeBuilder eligible projects will have contracts signed at the end of March 2021. This approach was observed in December 2020.

For this reason we expect sales to remain flat in February before another surge of sales in March. The March surge will not be of the same quantum as December due to the lower grant offering. This March data will provide a more accurate indication of the volume of work initiated due to HomeBuilder.

The relative strength of sales in January is encouraging and indicates that there will remain ongoing demand for new homes beyond the HomeBuilder scheme. Low interest rates, rising house prices and a demographic shift in demand towards detached housing and regional areas will also drive demand for new homes albeit at a level significantly below that observed in the last quarter of 2020.

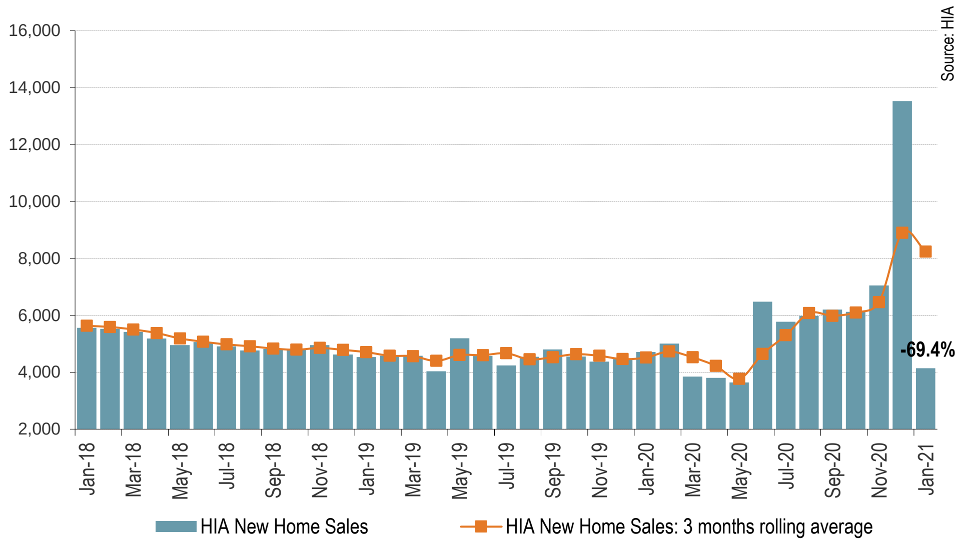


Methodology: Each month HIA surveys the largest 100 home builders in Australia on their sales (contract to build) volume for the previous month. These builders account for 40 per cent (2019/20) of all houses built in Australia. This sample is used to extrapolate results for the rest of the market including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

# 01.2021 HIGHLIGHTS

**PRIVATE NEW HOUSE SALES - AUSTRALIA** (SEASONALLY ADJUSTED)



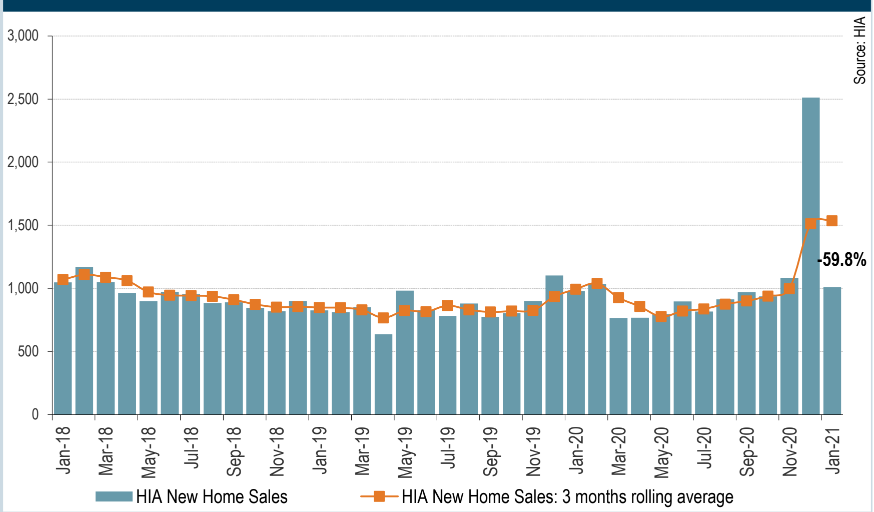

- > **New home sales** were 12.1 per cent lower in January 2021 than in the same month the previous year**.**
- > **New Home Sales** in the three months to the end of January 2021 were 82.4 per cent higher when compared to the same time the previous year**.**
- > **New Homes Sales** in January were 69.4 per cent lower in January than in the previous month due to the impact of HomeBuilder**.**
- > **This month's sample** captures 23 per cent of Australia's new detached home building sector.

# NEW SOUTH WALES

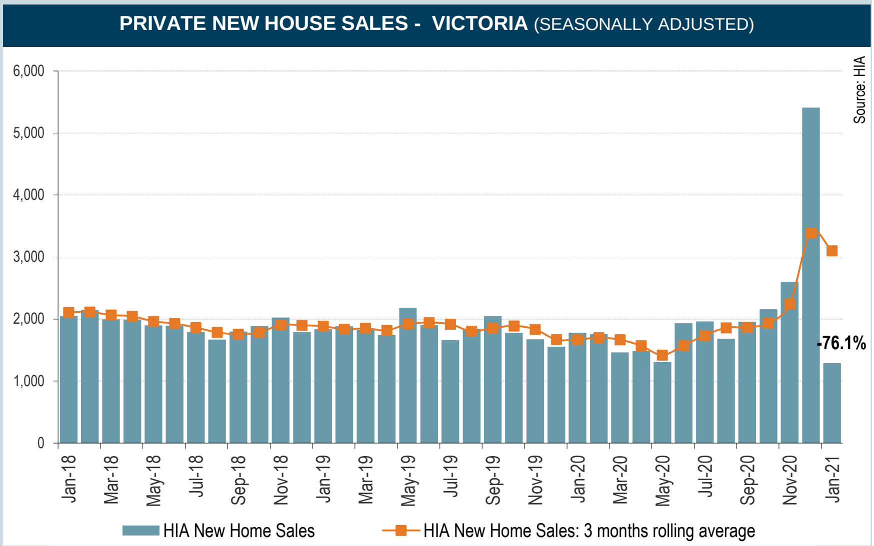
(23 PER CENT SAMPLE COVERAGE)

In New South Wales, sales of new detached houses fell by more than half in the month of January 2021 from the record performance in December 2020. This leaves sales up by 3.3 per cent compared to January 2020, one of the only states to record an increase over this period.

**PRIVATE NEW HOUSE SALES - NEW SOUTH WALES** (SEASONALLY ADJUSTED)



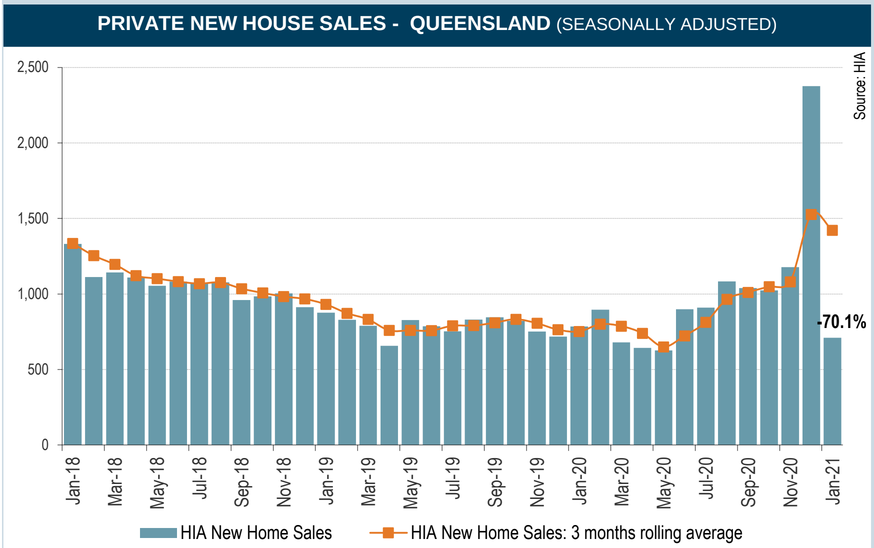
In Victoria, new home sales dropped by more than three quarters from their December levels. This leaves the state down by 27.5 per cent between the months of January 2020 and January 2021 – the weakest performance of the largest five states.




(25 PER CENT SAMPLE COVERAGE)

# VICTORIA

New home sales in Queensland fell by over two-thirds in January 2021 compared to the spike in December, leaving sales down by 9.5 per cent compared to January 2020.




(11 PER CENT SAMPLE COVERAGE)

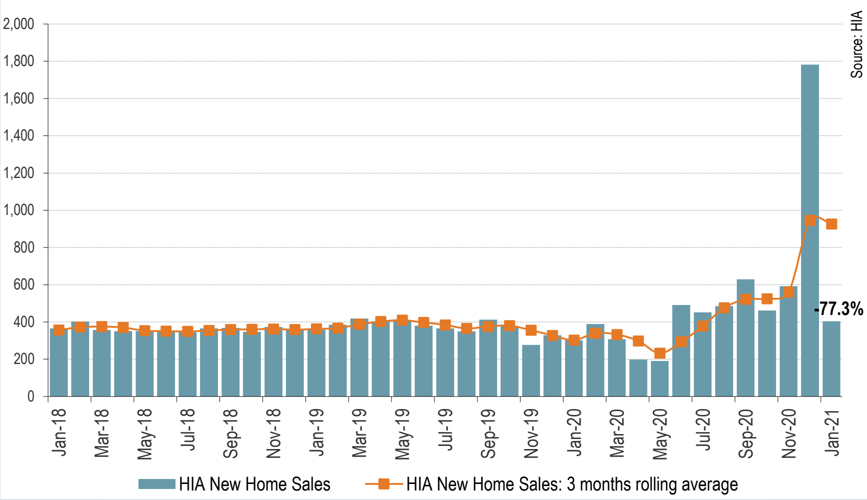
# QUEENSLAND

# SOUTH AUSTRALIA

(10 PER CENT SAMPLE COVERAGE)

South Australia saw a decline of more than three-quarters in its new home sales between December 2020 and January 2021. This still leaves the state up by 34.1 per cent on January 2020 – the best performance of the largest five states.

**PRIVATE NEW HOUSE SALES - SOUTH AUSTRALIA** (SEASONALLY ADJUSTED)

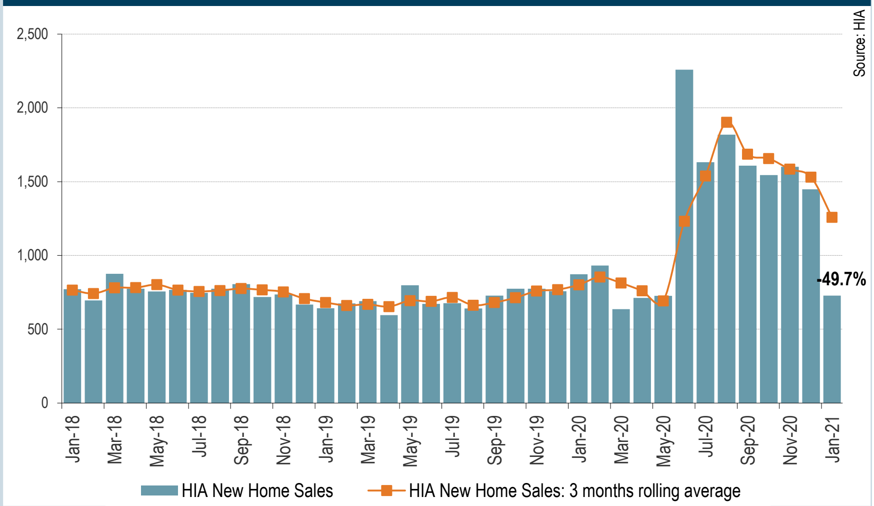



# WESTERN AUSTRALIA

(26 PER CENT SAMPLE COVERAGE)

New home sales in Western Australia dropped by half between December 2020 and January 2021. This was a modest fall compared to the other large states, as Western Australia's response to HomeBuilder was much earlier than the others. This leaves sales in January 2021 down by 16.5 per cent compared to January 2020.

**PRIVATE NEW HOUSE SALES - WESTERN AUSTRALIA** (SEASONALLY ADJUSTED)



## NEW HOME SALES: PERCENTAGE CHANGE

| | Private Houses | | | | | | Multi-Units | Total |
|---|---|---|---|---|---|---|---|---|
| | NSW | VIC | QLD | SA | WA | AUS | AUS | AUS |
| **3 months to Jan 20** | 2,978 | 5,008 | 2,253 | 908 | 2,404 | 13,551 | N/A | N/A |
| **3 months to Oct 20** | 2,817 | 5,795 | 3,145 | 1,575 | 4,971 | 18,303 | N/A | N/A |
| **3 months to Jan 21** | 4,606 | 9,298 | 4,265 | 2,779 | 3,776 | 24,724 | N/A | N/A |
| *% change on previous 3 months* | **63.5%** | **60.5%** | **35.6%** | **76.4%** | **-24.0%** | **35.1%** | **N/A** | **N/A** |
| *% change on same 3 months of previous year* | 54.7% | 85.6% | 89.3% | 206.1% | 57.1% | 82.4% | N/A | N/A |

**Note:** All comments and percentage movements relating to Net Sales refer to data that have been calculated after allowing for seasonal influences.

### PRIVATE HOUSES AND UNITS: SALES AND APPROVALS (a)

| | | NSW | VIC | QLD | SA | WA | Total(b) | Total(b) | Total(b) |
|---|---|---|---|---|---|---|---|---|---|
| | | Private House Sales (Seasonally Adjusted) | | | | | | Unit Sales (c) | Total Sales (c) |
| **2013-14** | | 15,863 | 22,638 | 11,518 | 5,739 | 16,948 | 72,706 | 12,654 | 85,360 |
| **2014-15** | | 15,266 | 20,784 | 14,500 | 5,368 | 17,498 | 73,507 | 18,279 | 91,786 |
| **2015-16** | | 15,902 | 22,355 | 15,771 | 4,123 | 13,412 | 71,563 | 20,239 | 91,802 |
| **2016-17** | | 13,904 | 23,418 | 15,020 | 3,392 | 12,221 | 67,952 | 20,449 | 88,402 |
| **2017/18** | | 12,059 | 25,242 | 13,070 | 4,159 | 9,684 | 64,361 | 2,792 | 18,552 |
| **2018/19** | | 10,221 | 22,337 | 10,771 | 4,509 | 8,519 | 56,357 | N/A | N/A |
| **2019/20** | | 10,475 | 20,282 | 9,246 | 3,990 | 10,486 | 54,482 | N/A | N/A |
| **2019/20** | Jul | 781 | 1,662 | 753 | 365 | 676 | 4,237 | N/A | N/A |
| | Aug | 881 | 1,845 | 831 | 350 | 640 | 4,548 | N/A | N/A |
| | Sep | 774 | 2,047 | 845 | 413 | 727 | 4,806 | N/A | N/A |
| | Oct | 803 | 1,776 | 821 | 378 | 774 | 4,552 | N/A | N/A |
| | Nov | 899 | 1,672 | 751 | 277 | 775 | 4,374 | N/A | N/A |
| | Dec | 1,102 | 1,557 | 717 | 329 | 757 | 4,462 | N/A | N/A |
| | Jan | 977 | 1,780 | 785 | 302 | 872 | 4,715 | N/A | N/A |
| | Feb | 1,035 | 1,758 | 896 | 389 | 931 | 5,009 | N/A | N/A |
| | Mar | 765 | 1,461 | 679 | 307 | 637 | 3,849 | N/A | N/A |
| | Apr | 766 | 1,485 | 643 | 198 | 712 | 3,805 | N/A | N/A |
| | May | 796 | 1,308 | 627 | 191 | 726 | 3,647 | N/A | N/A |
| | Jun | 896 | 1,932 | 898 | 491 | 2,259 | 6,477 | N/A | N/A |
| **2020/21** | Jul | 817 | 1,962 | 910 | 451 | 1,631 | 5,772 | N/A | N/A |
| | Aug | 913 | 1,679 | 1,084 | 485 | 1,818 | 5,978 | N/A | N/A |
| | Sep | 969 | 1,959 | 1,038 | 629 | 1,609 | 6,204 | N/A | N/A |
| | Oct | 936 | 2,156 | 1,023 | 462 | 1,544 | 6,121 | N/A | N/A |
| | Nov | 1,084 | 2,600 | 1,178 | 592 | 1,600 | 7,054 | N/A | N/A |
| | Dec | 2,512 | 5,408 | 2,376 | 1,783 | 1,449 | 13,527 | N/A | N/A |
| | Jan | 1,009 | 1,291 | 710 | 404 | 728 | 4,143 | N/A | N/A |
| | | Private House Approvals (Seasonally Adjusted) | | | | | | Unit Approvals | Total Private Dwelling Approvals |
| **2013-14** | | 22,087 | 30,200 | 19,829 | 8,190 | 23,291 | 107,838 | 84,417 | 192,254 |
| **2014-15** | | 26,281 | 32,968 | 22,841 | 7,669 | 22,893 | 117,056 | 109,688 | 226,745 |
| **2015-16** | | 28,981 | 35,908 | 24,260 | 8,238 | 17,222 | 118,417 | 116,614 | 235,028 |
| **2016-17** | | 29,036 | 35,745 | 24,266 | 7,783 | 14,256 | 114,480 | 104,608 | 219,092 |
| **2017/18** | | 30,147 | 39,490 | 26,534 | 8,470 | 13,087 | 121,843 | 108,190 | 230,031 |
| **2018/19** | | 27,572 | 36,767 | 21,426 | 7,815 | 11,972 | 110,015 | 75,820 | 185,835 |
| **2019/20** | | 23,708 | 35,612 | 19,853 | 7,825 | 10,914 | 102,327 | 65,666 | 167,991 |
| **2019/20** | Jul | 2,213 | 2,690 | 1,596 | 605 | 811 | 8,263 | 4,452 | 12,715 |
| | Aug | 1,993 | 2,746 | 1,548 | 622 | 812 | 8,068 | 4,592 | 12,660 |
| | Sep | 1,912 | 2,952 | 1,722 | 600 | 906 | 8,483 | 5,901 | 14,384 |
| | Oct | 1,823 | 2,604 | 1,647 | 771 | 920 | 8,115 | 5,424 | 13,539 |
| | Nov | 1,847 | 3,106 | 1,764 | 631 | 917 | 8,600 | 6,175 | 14,775 |
| | Dec | 1,949 | 3,066 | 1,781 | 669 | 954 | 8,764 | 6,740 | 15,504 |
| | Jan | 1,907 | 3,170 | 1,706 | 701 | 940 | 8,787 | 4,454 | 13,241 |
| | Feb | 1,940 | 3,035 | 1,772 | 672 | 976 | 8,790 | 7,149 | 15,938 |
| | Mar | 2,085 | 3,006 | 1,684 | 616 | 923 | 8,728 | 6,751 | 15,479 |
| | Apr | 2,063 | 3,121 | 1,720 | 619 | 978 | 8,940 | 6,063 | 15,003 |
| | May | 2,096 | 3,041 | 1,547 | 667 | 902 | 8,608 | 4,123 | 12,730 |
| | Jun | 1,880 | 3,075 | 1,366 | 652 | 875 | 8,181 | 3,842 | 12,023 |
| **2020/21** | Jul | 2,153 | 3,284 | 1,559 | 639 | 855 | 8,885 | 4,725 | 13,611 |
| | Aug | 2,146 | 3,250 | 1,776 | 648 | 1,153 | 9,312 | 4,206 | 13,518 |
| | Sep | 2,364 | 3,638 | 1,981 | 778 | 1,336 | 10,510 | 5,334 | 15,844 |
| | Oct | 2,298 | 3,443 | 2,279 | 819 | 1,850 | 11,044 | 5,646 | 16,690 |
| | Nov | 2,331 | 3,525 | 2,668 | 842 | 1,988 | 11,775 | 5,497 | 17,272 |
| | Dec | 2,708 | 4,133 | 2,867 | 1,125 | 2,093 | 13,638 | 5,625 | 19,263 |

Notes:

(a) New information on state market shares had led to an upward revision to sales levels, but has not substantially altered the new home sales cycle. Survey results have been obtained from State-wide estimates using weights based on financial year market shares of private dwelling commencements. Due to different weighting, state totals may not necessarily add to the national figure.

(b) Does not include Tasmania, ACT or the Northern Territory.

(c) The survey sample includes multi-unit builders who only sell direct. na: insufficient sample size individual support | local knowledge | national strength

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