HIA

New Home Sales

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.

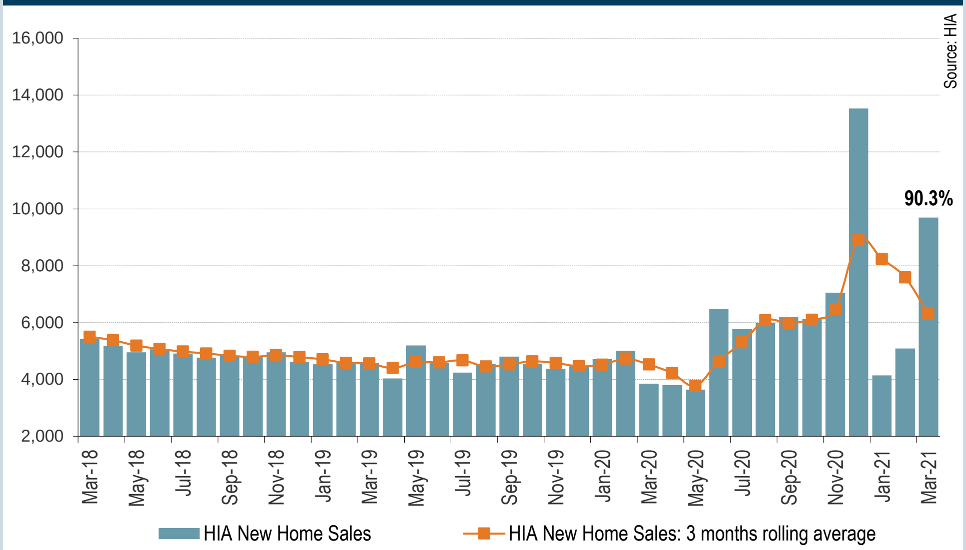
Methodology: Each month HIA surveys the largest 100 home builders in Australia on their sales (contract to build) volume for the previous month. These builders account for 40 per cent (2019/20) of all houses built in Australia. This sample is used to extrapolate results for the rest of the market including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

03.2021

HIGHLIGHTS

PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)



> **New home sales** in the March 2021 quarter were 39.4 per cent higher than March 2020 quarter**.**

> Over the year to March 2021, sales were 42.6 per cent higher than the previous year.

> The $15,000 HomeBuilder grant has been the key driver of sales in the March quarter**.**

> **This month's sample** captures 23 per cent of Australia's new detached home building sector.

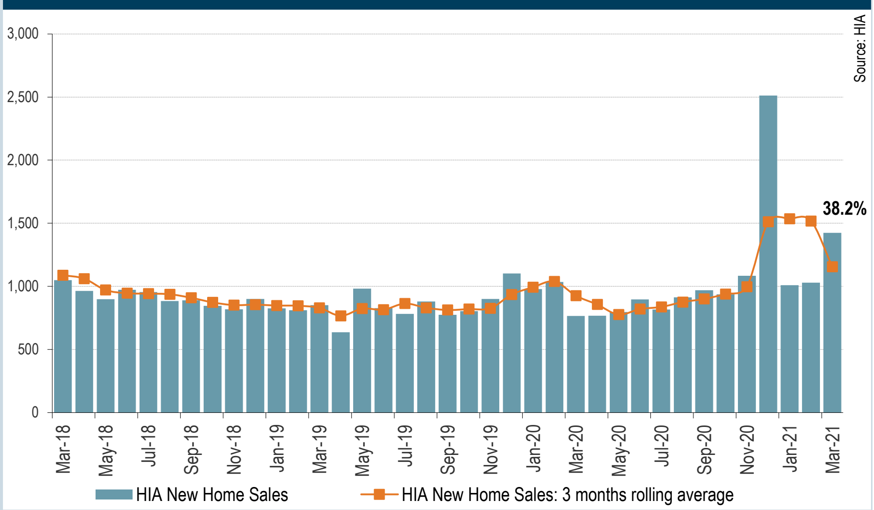
NEW SOUTH WALES

(23 PER CENT SAMPLE COVERAGE)

Sales of new detached houses in New South Wales increased by 38.2 per cent during the month of March 2021. This leaves sales for the March 2021 quarter up by 24.7 per cent compared to the same time last year.

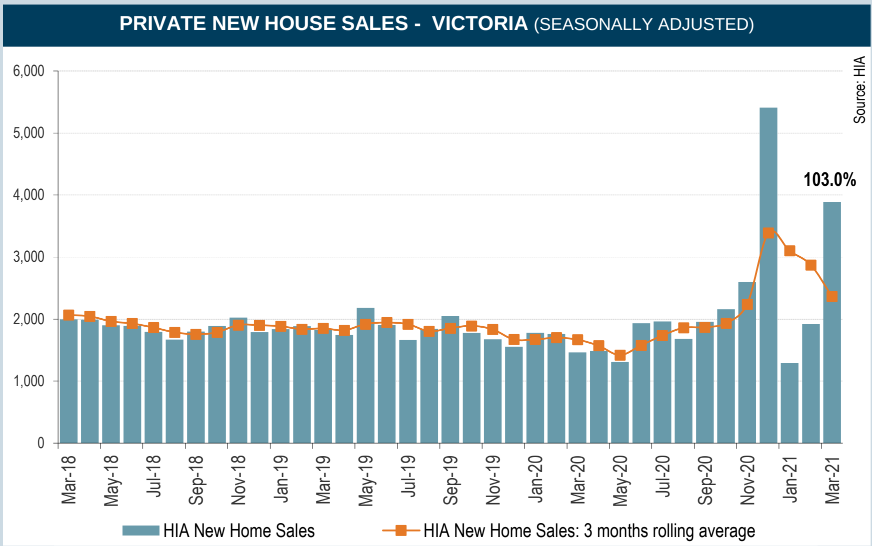
New home sales in New South Wales were 25.7 per cent higher throughout the year to March 2021 (when most of COVID-19's impact was evident in New Home Sales data) than the previous year.

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



In Victoria, new home sales doubled (up by 103.0 per cent) in the month of March 2021 compared to February. This leaves sales in the March 2021 quarter 41.9 per cent higher than the same time last year.

New home sales in Victoria were 29.0 per cent higher throughout the year to March 2021 (when most of COVID-19's impact was evident in New Home Sales data) than the previous year.

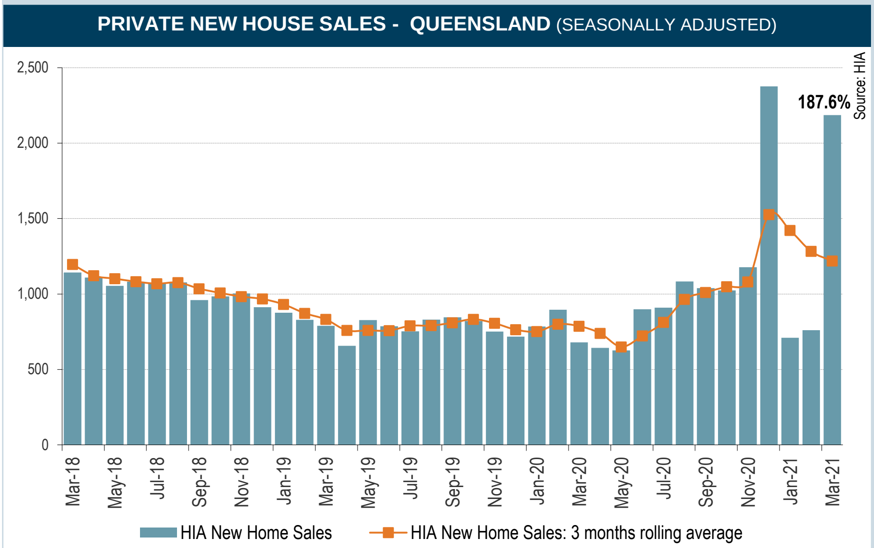


(23 PER CENT SAMPLE COVERAGE)

VICTORIA

In Queensland, new home sales almost tripled (up by 187.6 per cent) in the month of March 2021 compared to February. This result is only slightly lower than December which was the highest month since 2008 and leaves the March 2021 quarter 54.9 per cent higher than the same time last year.

New home sales in Queensland were 43.7 per cent higher throughout the year to March 2021 (when most of COVID-19's impact was evident in New Home Sales data) than the previous year.



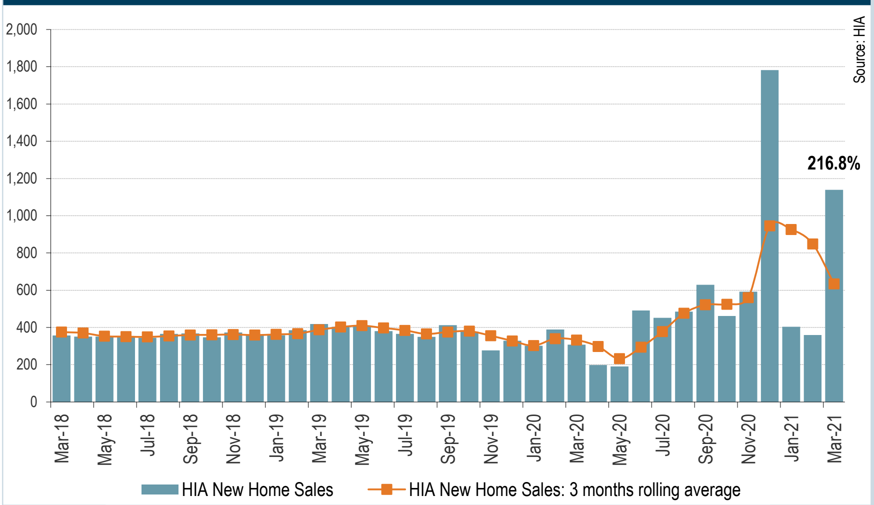
(14 PER CENT SAMPLE COVERAGE)

QUEENSLAND

SOUTH AUSTRALIA

(13 PER CENT SAMPLE COVERAGE)

PRIVATE NEW HOUSE SALES - SOUTH AUSTRALIA (SEASONALLY ADJUSTED)



In South Australia, new home sales more than tripled (up by 216.8 per cent) in the month of March 2021 compared to February. This leaves sales in the March 2021 quarter 90.6 per cent higher than the same time last year.

New home sales in South Australia were 67.0 per cent higher throughout the year to March 2021 (when most of COVID-19's impact was evident in New Home Sales data) than the previous year.

WESTERN AUSTRALIA

(26 PER CENT SAMPLE COVERAGE)

New home sales increased by 2.8 per cent in the month of March 2021 compared to February. This leaves sales in the March 2021 quarter 15.2 per cent higher than the same time last year.

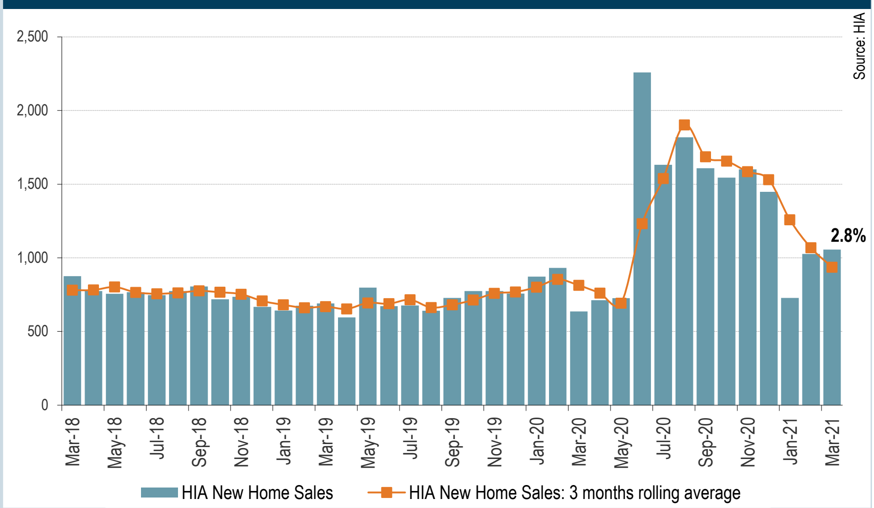
New home sales in Western Australia were 82.5 per cent higher throughout the year to March 2021 (when most of COVID-19's impact was evident in New Home Sales data) than the previous year.

Sales in Western Australia peaked earlier than other jurisdictions due to the state government's $20,000 Building Bonus grant. To receive this grant contracts needed to be signed before 31 December 2020 and when combined with HomeBuilder amounted to a total of $45,000. For eligible first home buyers, this amount could be further increased to $55,000 with the addition of the First Home Owner grant.

After the 31 December 2020, this amount fell to just $15,000 ($25,000 for first home buyers), providing less incentive to home builders, relative to the previously available $45,000.

Investors were also only eligible for the Building Bonus grant and not HomeBuilder.

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 Mar 20	2,777	4,998	2,360	998	2,440	13,573	N/A	N/A
3 months to Dec 20	4,532	10,163	4,577	2,836	4,593	26,702	N/A	N/A
3 months to Mar 21	3,462	7,095	3,656	1,902	2,811	18,926	N/A	N/A
% change on previous 3 months	**-23.6%**	**-30.2%**	**-20.1%**	**-32.9%**	**-38.8%**	**-29.1%**	**N/A**	**N/A**
% change on same 3 months of previous year	24.7%	41.9%	54.9%	90.6%	15.2%	39.4%	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
	Feb	1,030	1,916	760	359	1,027	5,091	N/A	N/A
	Mar	1,423	3,888	2,185	1,139	1,056	9,691	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	2,368	3,642	1,985	780	1,336	10,532	5,394	15,926
	Oct	2,308	3,444	2,287	822	1,850	11,106	5,803	16,909
	Nov	2,328	3,525	2,673	845	1,997	11,789	5,523	17,312
	Dec	2,807	3,968	2,949	1,123	2,167	13,727	5,830	19,557
	Jan	2,241	3,793	2,226	1,190	2,141	12,111	3,498	15,609
	Feb	2,567	4,213	2,792	1,238	2,498	13,939	5,082	19,021

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

ECONOMICS

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