



HIA

New Home Sales



DETACHED

MULTI-UNIT

APPROVALS

SALES

MULTI-UNIT

DETACHED

A monthly update on the sales of new homes

May 2019

NEW HOME SALES BOUNCE BACK

Income tax cuts, solid population growth and accelerating wage growth unnecessary to support a stabilisation of the home building industry in the second-half of 2019.

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New home sales bounced back in May from their anomalously disappointing result in April to be up by 28.8 per cent to their highest level in over a year.

New home sales have been in decline for more than a year and this decline accelerated through the first quarter of 2019. The pickup in sales in May is a welcome reprieve and is a start to offsetting the declines of the past year. This month's data is not evidence that the market has reached the bottom of the cycle, but it certainly tells us that the bottom is within sight.

The improvement in home sales was experienced across the economy suggesting that sentiment is improving in response to national economic conditions.

The market received a significant boost in confidence following the end of the Federal Election. Federal Elections always impact market confidence and the discussion around new tax imposts on investors through an increase in Capital Gains Tax magnified this uncertainty in the 2019 election.

In addition, customers that were forced out of the market due to the bank imposed credit squeeze are slowly returning to the new home market, as banks start to lend again. The credit squeeze may have been due to heightened caution as bank executives appeared before the Banking Royal Commission but this doesn't entirely explain why banks placed such onerous constraints on residential lending during 2018. Fortunately it now appears that they have started to lend again.

Other positive factors include lower interest rates and an expectation that APRA will implement reforms to mortgage lending guidelines.

Builders have also adjusted their businesses to manage the lower level of building activity during 2019 and

consumers are the beneficiaries of this increasingly competitive market.

Income tax cuts, solid population growth and accelerating wage growth unnecessary to support a stabilisation of the home building industry in the second-half of 2019.

The pickup in sales follows on from some very poor results in the first four month of 2019, which were some of the lowest monthly results on record.

We have seen a significant improvement in market confidence since the end of the Federal Election.

New home sales jumped in all four major states, up by 54.2 per cent in New South Wales, by 34.0 per cent in Western Australia, by 26.0 per cent in Queensland, by 25.3 per cent in Victoria and by 0.9 per cent in South Australia.

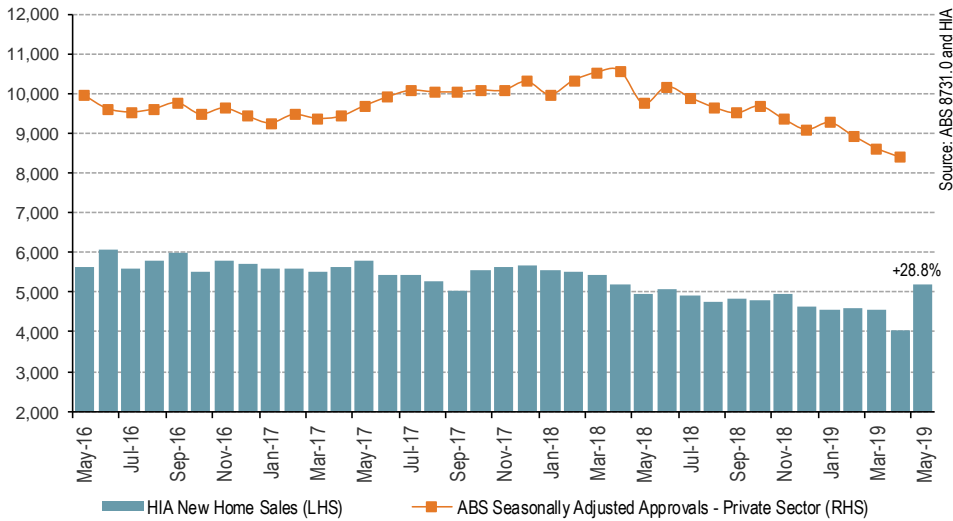
Methodology: Each month HIA collects data from the largest 100 home builders in Australia on their sales (contract to build) volume for the previous month. These builders account for 33 per cent (2017/18) of all houses built in Australia. This sample is used to extrapolate results for the rest of the 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.



05.2019 HIGHLIGHTS

PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)



- > **New home sales** bounced back significantly this month, up by 28.8 per cent compared to the previous month.
- > **New home sales** were down 11.3 per cent for the three months to May 2019, compared to the same time last year.
- > Sentiment is improving on the back of the election result and RBA interest rate cuts and this improvement in confidence will continue with the addition of income tax cuts.
- > **This month's sample** captures 20 per cent of Australia's new detached home building sector.

New home sales in New South Wales jumped by 54.2 per cent in May after an anomalously disappointing previous month. This brings new home sales to their highest level in over a year, since March 2018, and only down by 2.7 per cent for the quarter.

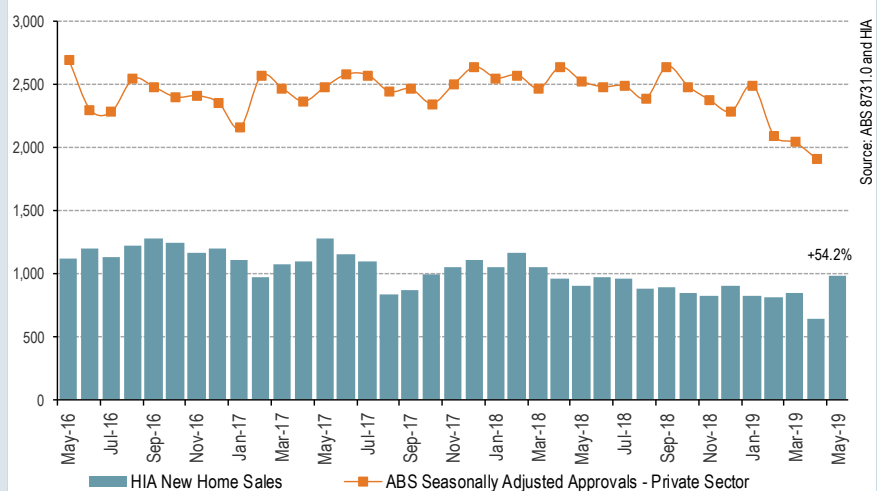
Approvals continued downwards, down by 6.3 per cent for the month to its lowest level since May 2014, and down by 23.2 per cent for the quarter. We expect this to improve with a lag, after new home sales improves.

This looks like a turning point for New South Wales as a series of developments and initiatives from the Federal Government, the RBA and APRA feed into market confidence and activity. Ongoing public infrastructure investment in the State will reinforce this.

NEW SOUTH WALES

(19 PER CENT SAMPLE COVERAGE)

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

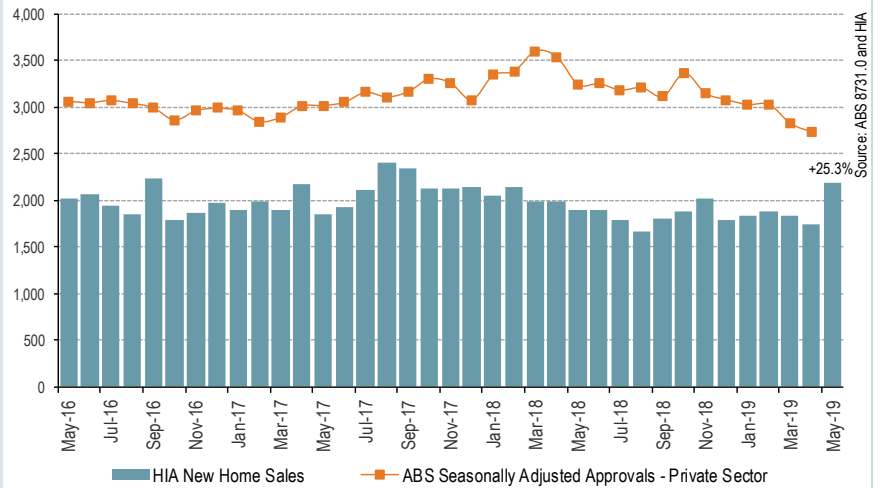


New home sales in Victoria increased by 25.3 per cent for the month. This is the highest level since September 2017 and up by 4.5 per cent for the quarter.

Approvals are down again by 3.1 per cent for the month and 7.2 per cent for the quarter. This is the lowest level since May 2015. Here too, we expect an improvement if new home sales continue upwards.

Victoria should also see this as a turning point in the market as a series of national developments reinforce Victoria's ongoing population growth and public infrastructure investments.

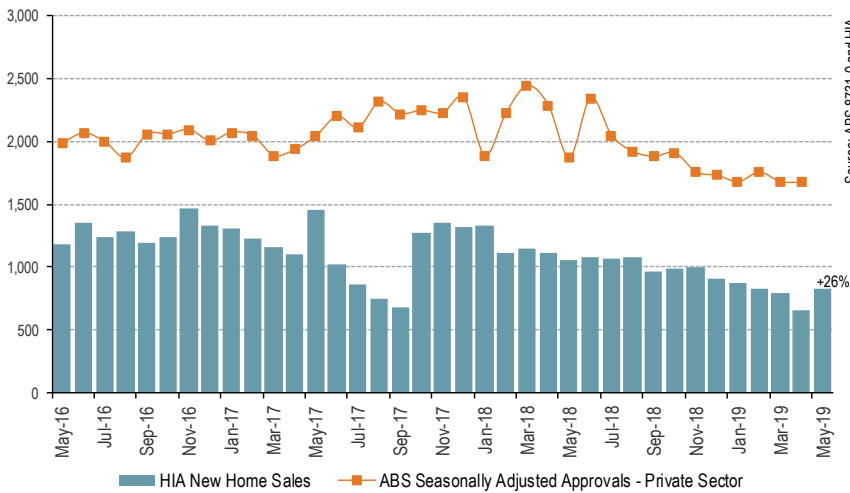
PRIVATE NEW HOUSE SALES - VICTORIA (SEASONALLY ADJUSTED)



(21 PER CENT SAMPLE COVERAGE)

VICTORIA

PRIVATE NEW HOUSE SALES - QUEENSLAND (SEASONALLY ADJUSTED)



(15 PER CENT SAMPLE COVERAGE)

QUEENSLAND

New home sales in Queensland have bounced back from the disappointing result last month, up by 26.0 per cent to the same level as three months earlier.

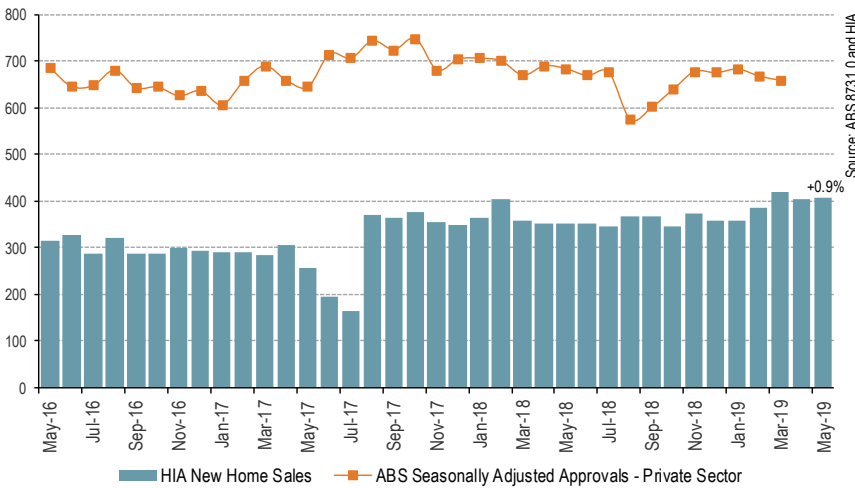
Approvals too were relatively stable for the month (-0.1 per cent) and down by just 1.1 per cent for the quarter.

Ongoing population growth, including interstate migration, is likely to support the housing industry in Queensland in the second half of 2019.

SOUTH AUSTRALIA

(9 PER CENT SAMPLE COVERAGE)

PRIVATE NEW HOUSE SALES - SOUTH AUSTRALIA (SEASONALLY ADJUSTED)



New home sales in South Australia have continued their upswing in recent months, up by 0.9 per cent for the month and 11.7 per cent for the quarter.

While approvals were down marginally by 1.3 per cent for the month, they were still up by 0.9 per cent for the quarter. Approvals are likely to climb if new home sales continue upwards.

South Australia did not experience the magnitude of upswing of the eastern state capitals, nor the subsequent correction. It has also weathered the impacts of the credit squeeze better than the other mainland states.

New home sales in Western Australia also experienced a significant jump this month. Sales were up by 34.0 per cent in May to their highest levels in nine months, and up by 5.0 per cent for the quarter.

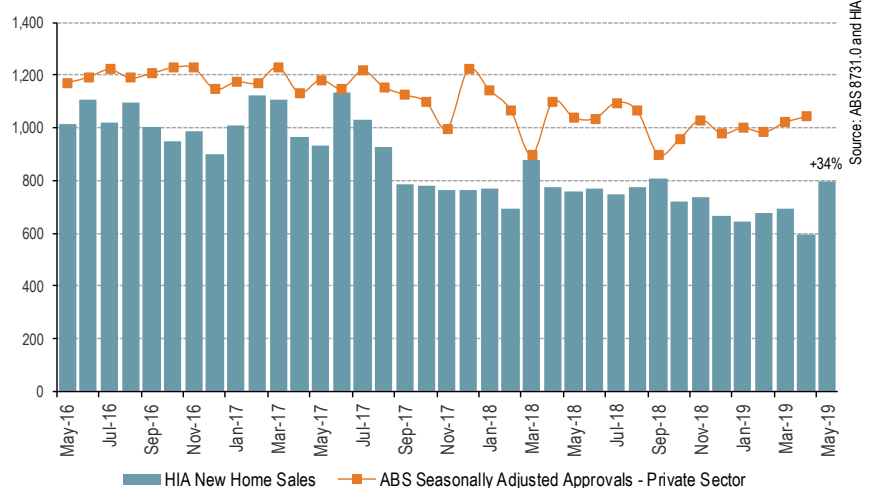
Approvals too have been climbing over the past three months, up by 2.2 per cent for the month and 1.3 per cent for the quarter.

The credit squeeze forced the Western Australian housing market to new lows despite ongoing improvement in population growth and stronger mining activity. This has set the scene for a swift recovery that Western Australia should be seeing shortly.

WESTERN AUSTRALIA

(34 PER CENT SAMPLE COVERAGE)

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 May 18	2,911	5,883	3,305	1,059	2,406	15,564	N/A	N/A
3 months to Feb 19	2,537	5,505	2,617	1,101	1,984	13,743	N/A	N/A
3 months to May 19	2,468	5,755	2,275	1,229	2,083	13,810	N/A	N/A
% change on previous 3 months	-2.7%	4.5%	-13.1%	11.7%	5.0%	0.5%	N/A	N/A
% change on same 3 months of previous year	-15.2%	-2.2%	-31.2%	16.1%	-13.4%	-11.3%	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
2017/18	Jul	1,096	2,118	861	164	1,029	5,416	1,262	6,678
	Aug	838	2,406	748	371	927	5,290	835	6,125
	Sep	869	2,351	683	364	787	5,054	696	5,750
	Oct	997	2,126	1,276	377	779	5,555	N/A	N/A
	Nov	1,049	2,125	1,353	355	763	5,645	N/A	N/A
	Dec	1,110	2,144	1,318	349	762	5,683	N/A	N/A
	Jan	1,046	2,050	1,331	365	771	5,563	N/A	N/A
	Feb	1,168	2,148	1,112	403	694	5,526	N/A	N/A
	Mar	1,049	1,993	1,142	357	876	5,418	N/A	N/A
	Apr	963	1,990	1,109	351	774	5,188	N/A	N/A
	May	898	1,899	1,054	351	756	4,958	N/A	N/A
	Jun	973	1,891	1,082	351	767	5,065	N/A	N/A
2018/19	Jul	954	1,795	1,069	345	746	4,909	N/A	N/A
	Aug	884	1,668	1,076	366	775	4,769	N/A	N/A
	Sep	889	1,799	960	367	806	4,821	N/A	N/A
	Oct	845	1,887	984	347	719	4,783	N/A	N/A
	Nov	818	2,026	1,004	373	735	4,955	N/A	N/A
	Dec	900	1,786	912	358	667	4,623	N/A	N/A
	Jan	825	1,837	876	358	642	4,538	N/A	N/A
	Feb	811	1,883	828	385	675	4,582	N/A	N/A
	Mar	850	1,829	789	418	690	4,576	N/A	N/A
	Apr	636	1,743	657	404	595	4,035	N/A	N/A
	May	981	2,184	828	408	797	5,198	N/A	N/A

		Private House Approvals (Seasonally Adjusted)					Unit Approvals	Total Private Dwelling Approvals	
		NSW	VIC	QLD	SA	WA	Total(b)	Total Sales (c)	
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		30,155	39,483	26,522	8,471	13,092	121,834	107,995	229,829
2017/18	Jul	2,569	3,163	2,110	715	1,217	10,069	8,558	18,627
	Aug	2,439	3,113	2,314	706	1,154	10,032	8,737	18,769
	Sep	2,462	3,169	2,219	743	1,125	10,031	9,264	19,295
	Oct	2,345	3,306	2,247	724	1,098	10,076	9,111	19,187
	Nov	2,495	3,263	2,226	748	997	10,071	12,670	22,741
	Dec	2,633	3,083	2,347	681	1,221	10,294	7,476	17,770
	Jan	2,546	3,346	1,888	704	1,143	9,961	9,763	19,725
	Feb	2,570	3,391	2,226	706	1,068	10,318	8,812	19,130
	Mar	2,463	3,605	2,441	700	896	10,519	9,195	19,713
	Apr	2,633	3,542	2,287	670	1,100	10,564	7,854	18,418
	May	2,523	3,248	1,872	690	1,038	9,738	8,020	17,758
	Jun	2,477	3,254	2,345	684	1,035	10,161	8,535	18,696
2018/19	Jul	2,485	3,187	2,047	669	1,095	9,890	8,148	18,038
	Aug	2,385	3,213	1,920	676	1,064	9,651	6,503	16,155
	Sep	2,638	3,118	1,881	576	898	9,501	7,348	16,849
	Oct	2,479	3,368	1,908	602	956	9,679	7,048	16,727
	Nov	2,373	3,153	1,756	640	1,030	9,359	5,696	15,055
	Dec	2,283	3,083	1,730	678	977	9,087	4,819	13,907
	Jan	2,491	3,032	1,680	675	999	9,264	5,014	14,279
	Feb	2,095	3,033	1,755	683	982	8,934	8,062	16,996
	Mar	2,041	2,829	1,679	668	1,020	8,619	5,984	14,603
	Apr	1,912	2,740	1,677	659	1,042	8,397	5,595	13,991

(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.

Notes:

(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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