



HIA

# Renovations Roundup

RENOVATIONS  
FORECASTS

STATE BY  
STATE  
ANALYSIS

ECONOMIC  
INSIGHT

IN-DEPTH  
MARKET  
RESEARCH

A quarterly update on the Home Renovations Market

December 2017



# Overview

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Renovations activity is currently being affected by subpar economic growth with delicate consumer sentiment also holding the market back. There are favourable features of the current economic environment – interest rates are very low and stable and areas of the labour market are strong. Overall, the conditions affecting renovations work have moderated and slowed activity.

Renovations activity took a step backwards in 2017. Latest data suggest that renovations totalled \$33.36 billion during the year, a reduction of 3.1 per cent on a year earlier. A majority of those included in our survey regard market conditions as being about the same as a year ago, although over one third have detected improvement.

The current economic setting means that renovations activity is forecast to suffer another 3.1 per cent reverse in 2018 before growth resumes in 2019 (+3.2 per cent). The volume of economy-wide renovations activity is determined by dozens of different factors, the most important of which is the age profile of the detached house stock. Over the next few years, the number of houses aged between 30

and 35 years will increase significantly – widening the scope for growth in renovations demand over the coming years. Accordingly, the volume of renovations activity is forecast to rise by 5.7 per cent in 2020 and grow by another 0.9 per cent in 2021 taking the total value of the market to \$35.57 billion.

This edition of the HIA Renovations Roundup includes the results of the market survey which received a total of 595 responses from those operating in the industry. The main findings of the survey are that:

- The renovations industry is made up of a very large number of small-scale operators and represents a highly competitive market structure
- Labour and materials are the largest sources of cost pressures in the market although 15 per cent of operators experienced no cost pressures over the past year
- Kitchen renovations and repairs/maintenance jobs are the largest sources of renovations work.