



the voice of the industry

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## Mixed Year Ahead for ACT New Home Building

The Housing Industry Association (HIA) has just released the Summer 2017 edition of its Outlook report for the ACT.

“Nationally, 2016 was the strongest year on record for new dwelling starts. In the ACT, total starts increased for the second consecutive year,” said Greg Weller, HIA Executive Director, ACT & Southern NSW.

In financial year terms, new dwelling starts are estimated to have increased by 26.0% during 2015/16. This is projected to be followed by a 21.8% reduction in 2016/17 and another fall of 2.0% in 2017/18. During 2018/19, an increase of 5.6% is forecast to bring new dwelling starts in the ACT to 4,130.

“Conditions will be quite mixed in the ACT market over the next couple of years. Detached house building will press considerably higher, while apartment and other higher density construction are set to decline”.

“The pace of dwelling price growth in the Canberra market has moved up a gear and is now heading towards being in the same bracket as Sydney and Melbourne in terms of the magnitude of price increase over the past year. This brings the issue of affordability to the fore locally. The only sustainable solution to this over the long term lies in tackling the huge tax burden on new housing”.

“Right now the industry is staring down the barrel of a large new tax from Icon Water on developments for water and sewerage, which is a prime example of why affordability is a problem.”

The ACT’s renovations sector saw a strong 2015/16 with the size of the market increasing by 6.9% to \$372 million. The market is set to weaken by 4.9% during 2016/17 before growth resumes strongly in 2017/18 (+8.6%). The 2018/19 financial year is anticipated to see growth easing to 3.%, with the value of renovations activity in the ACT projected to reach \$396 million.

*The publication is the most in-depth look at the residential building industry in the ACT, and includes updated forecasts for new dwelling commencements and home renovations activity out to the end of the current decade.*

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