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MEDIA RELEASE

29 June 2017

Back-to-Back Increases for New Home Sales

Large increases in Queensland and New South Wales drove new home sales higher for the second consecutive month during May 2017 according to the latest edition of the HIA's *New Homes Sales Report* - a survey of Australia's largest home builders. However, geographic variations continue to persist across Australia's different housing markets with substantial reductions in new detached house sales occurring in several states during the month.

"HIA's New Home Sales metric acts as a useful leading indicator of short-term prospects for building activity with respect to new dwellings.

"The results for May again demonstrate how stark the differences currently are across Australia's markets. Very robust increases in new house sales occurred in Queensland and New South Wales during May, in contrast to Victoria and WA where sharp contractions were experienced during the month.

"The latest results contained in the HIA *New Home Sales Report* are consistent with our updated forecasts released in last week's HIA *National Outlook* report. A modest contraction will continue to occur in detached house starts across Australia up until the end of the decade whilst a much bigger reduction in multi-unit commencements is anticipated to continue over the coming years as activity retreats from the unprecedented levels of recent years.

"Yesterday's Census results from the ABS underline that the objective of meeting Australia's housing needs over the long term is becoming increasingly challenging. With new home building set to reduce, it is important that government policies focus on allowing our industry to deliver the requisite supply of new housing in an affordable fashion," concluded Shane Garrett.

During the month of May 2017, total new home sales increased by 1.1 per cent. This was helped by a 2.2 per cent increase in new detached house sales although multi-unit sales were down by 2.6 per cent during the month. Queensland experienced the largest increase in new detached house sales during the month (+31.1 per cent) followed by NSW (+16.8 per cent). The largest reduction in sales occurred in South Australia (-15.6 per cent). Reductions also affected the markets of Victoria (-14.7 per cent) and Western Australia (-3.4 per cent).

For further information please contact:
Shane Garrett, Senior Economist 0450 783 603
Geordan Murray, Senior Economist 0438 103 651

For copies of the publication (media only) please contact: Kirsten Lewis at k.lewis@hia.com.au