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MEDIA RELEASE

Home Renovations: Australia’s Next Building Boom?

The latest edition of the *HIA Renovations Roundup* report predicts that home renovations will become an increasingly important part of the residential building industry over the next few years.

“2016 marked the strongest year since WWII for new home building starts in Australia but our forecasts indicate that activity is set to decline on this front over the next three years,” commented HIA Senior Economist, Shane Garrett.

“In this context, our industry will become more dependent on work related to home renovations activity. Many are surprised to learn that renovations currently account for about one third of all residential building work. By the end of the decade, renovations activity is likely to represent some 42 per cent of all residential building activity.”

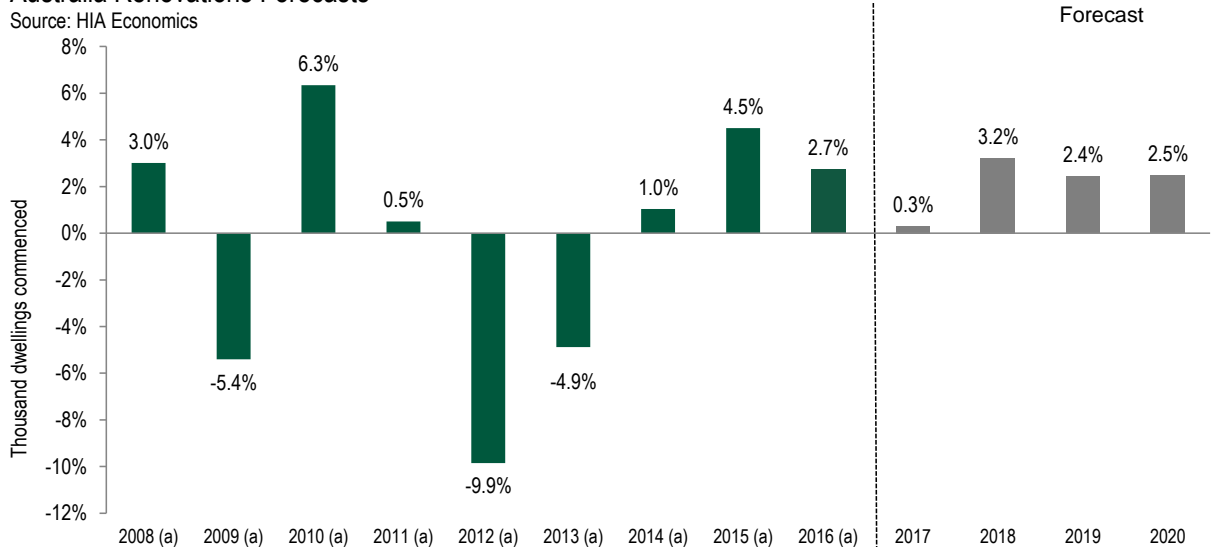
“Detached house building in Australia reached very high levels between 1985 and 1995. This large stock of homes is becoming increasingly ripe for major renovations work. Added to the mix are remarkably low interest rates and the big home equity windfalls in Sydney and Melbourne – pretty ideal conditions for renovations demand.”

“At the moment, the one key difficulty for the renovations market is the fact that turnover in the established house market is falling. This is an important driver of demand, and prospects for renovations growth would be even stronger if transactions on this side of the market started to increase again,” concluded Shane Garrett.

According to the March 2017 edition of the *HIA Renovations Roundup* report, renovations activity grew by 2.7 per cent in 2016 to \$33.06 billion. The pace of growth is projected to slow to just 0.3 per cent in 2017, before reaching 3.2 per cent in 2018. Further growth in 2019 (+2.4 per cent) and 2020 (+2.5 per cent) is expected to bring the value of home renovations activity in Australia to \$35.94 billion.

Australia Renovations Forecasts

Source: HIA Economics



For further information please contact:

Shane Garrett, Senior Economist

0450 783 603

Harley Dale, Chief Economist

0414 994 186

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

