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FOR IMMEDIATE RELEASE

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Housing Outlook

What's the Outlook for New Home Building?

"Having touched record levels during 2016, the latest edition of the Housing Industry Association's flagship forecasting report predicts that new home building starts are set to move lower over the remainder of 2017," explained HIA Senior Economist, Shane Garrett.

Today's Autumn 2017 edition of the HIA's *National Outlook* Report discusses how the number of new dwelling commencements nationally is likely to continue to decline – last year's record levels of activity are unlikely to be seen again until well into the 2020s.

"The housing boom was not consistent across Australia and now with NSW and Victoria cooling, all indicators are that the market is well past its 2016 peak when over 231,000 new homes were commenced.

"Solid population growth, very low interest rates and consistent gains in employment do mask some concerning trends with respect to under-employment and decelerating GDP growth. Combined with another layer of obstacles to foreign investor participation in the housing market, new home building volumes are set to move downwards over the next couple of years.

"Even though new dwelling starts will decline over the next couple of years, the annual volume of new home starts is not likely to fall below 170,000 at any stage. By any standard, this is still a very robust level of activity.

"The investor side of the market has also been hit by tighter lending finance due to APRA's recent restrictions on interest-only mortgages.

HIA's Housing Outlook Report expects that 221,500 new dwellings will have been started in 2016/17, a decline of 4.5 per cent compared with the previous year. A further reduction of 10.7 per cent is forecast for 2017/18 before new home starts bottom out at 176,670 during 2018/19.

"The multi-unit side of the market is expected to drive the downturn in residential building, with commencements on this side of the market projected to fall by 41 per cent from peak to trough," stated Mr Garrett concluded.

According to today's HIA *National Outlook* Report, the volume of renovations work is anticipated to grow by 2.0 per cent during both 2017/18 and 2018/19. The pace of growth is expected to pick up the following year (+2.7 per cent) bringing the value of the Australian renovations market to \$34.31 billion during the 2019/20 year.

**HIA's National and State Outlooks are Australia's most comprehensive housing report card, encompassing forecasts of new dwelling construction volumes and renovations activity. The report also includes policy updates, analysis of global and domestic economic issues, as well as dedicated state and territory housing databases. For further information or for copies of the publication (media only) please contact: Kirsten Lewis on k.lewis@hia.com.au*

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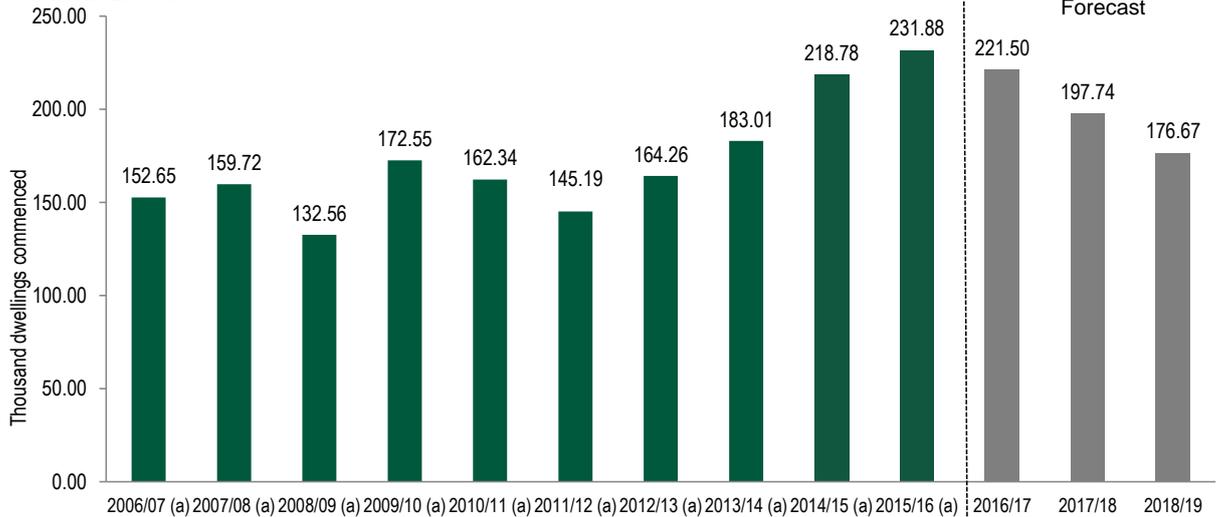


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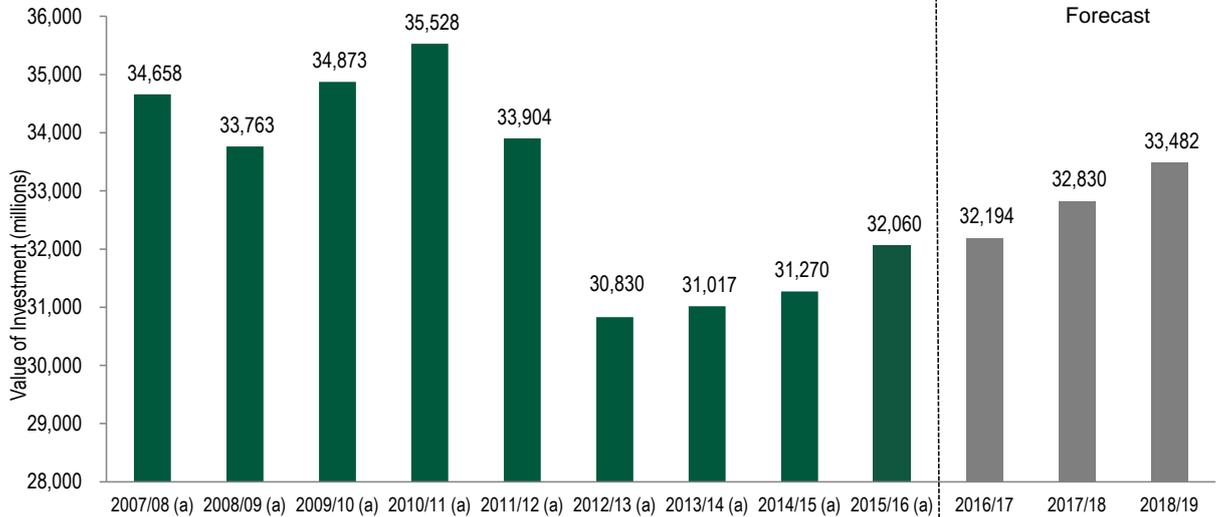
Australia Housing Starts Forecasts

Source: HIA Economics



Australia Renovations Forecasts

Source: HIA Economics



For a complete set of HIA's forecasts, which were released last week, please go to:

<http://hia.com.au/BusinessInfo/economicInfo/housingForecasts.aspx>