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FOR IMMEDIATE RELEASE

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Housing keeps economy ticking along

“There is no evidence to support claims that there is an oversupply in the housing sector,” stated Tim Reardon, HIA’s Principal Economist.

Today’s Spring 2017 edition of the HIA’s *National Outlook* explains why prospects for the sector are better than previously anticipated. It also highlights the positive role of solid population growth as well as the mixed results that government interventions have had on the market.

“In fact, we have upgraded our forecasts for new home building activity upwards, to account for the ongoing strong sales,” Mr Reardon added.

“We have seen stronger than expected building approvals results now justify upward revisions to our forecasts.

“We have revised our forecast for the number of starts in 2018 up to 195,000 (compared to our previous forecast of 184,000 starts in 2018).

“New residential building has been moving back from record highs, but the slowdown is very modest.

“Dwellings under construction are down by less than 1 per cent from the level a year ago. The downturn in apartment building has been much less significant than we anticipated.

“Strong growth in the population has kept demand for housing at elevated levels while low interest rates and a willingness to invest has enabled the supply of housing to respond.

“There has been a resurgence in first home buyer activity not just because of increased incentives in NSW and Victoria, but also due to stronger demand the other states and territories. This appears to be as a consequence of the APRA changes resulting in first home buyers incurring a lower effective interest rate than investors. First home buyers are also likely to be benefiting from the record number of apartments that are now becoming available.

“The strength and longevity of the housing upturn points to the resilience of the industry given the challenges posed by the regulatory environment in an environment beset with uncertainties,” Mr Reardon concluded.

**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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Australia Housing Starts Forecasts

Source: HIA Economics

