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FOR IMMEDIATE RELEASE

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MEDIA RELEASE

## New Home Starts Continue to Fall in 2017

“It is now clear that building activity in Australia peaked in 2016 and the steady decline HIA has predicted to occur, is now the new norm,” state HIA’s Principal Economist, Tim Reardon.

The ABS released Building Activity figures for the first quarter of 2017, for all states and territories today.

“Building activity has declined to levels last experienced in the middle of 2014, before the record peak in March 2016.

“At the core of this drop in activity is primarily the slow-down in construction of new apartments and units, particularly on the east coast. A record number of apartments are due to come onto the market this year and the next phase of investment is now not likely to occur until the apartments currently under construction clear the market.

“Activity in detached low rise home construction also fell this quarter (-7.7 per cent) as a consequence of a decline across all states and territories.

“It’s important to recognise that the downward trend is not cause for alarm. We are coming down off the back of record levels of activity in recent years, particularly in apartments. The housing industry is well placed to balance cyclical changes in demand and HIA’s forecasts expect that we will return to a growth market before the end of the decade.

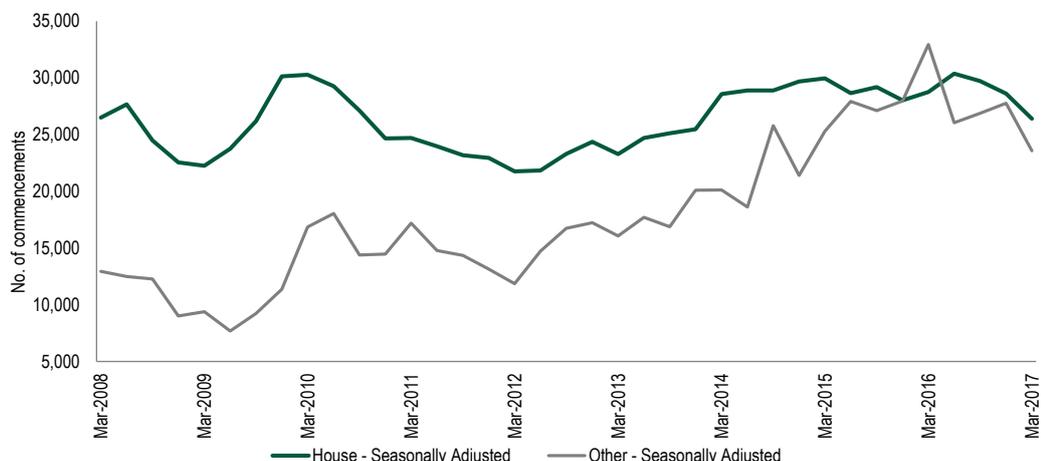
“Policy makers should be alert to the changed trend in building activity and ensure that recent policy changes don’t lead to unintended consequences.

“Western Australia (4.1 per cent) and Tasmania (12.3 per cent) were the only states to record an increase in building activity. A sharp drop in apartment construction in Sydney dragged down overall activity in NSW by (-17 per cent). South Australia (-11.1 per cent), Queensland (-10.2 per cent) and Victoria (-1.9 per cent) also experienced declines.

“Commencements in both the ACT (-65.8 per cent) and the Northern Territory (-43.4 per cent) declined dramatically. The ACT figures are an aberration as activity is returning to longer-term trends.

House vs 'Other' Dwelling Commencements - Australia

Source: ABS 8752, HIA



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