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MEDIA RELEASE

Reno’s marking time for now

“Low wage growth and fewer home sales resulted in a slowing in renovations activity in 2017,” stated HIA’s Senior Economist, Shane Garrett.

The projections are detailed in the December 2017 edition of the HIA Renovations Roundup report which is released today. The HIA Renovations Roundup is the most comprehensive regular review of Australia’s \$33 billion home renovations market. The report also includes the exclusive results of a survey of 595 renovations firms right across the country.

“The near term outlook for home renovations demand is being held back by sluggish wages growth. Because renovations activity is often initiated by the new owners of older homes, the dip in established house turnover over the past 12 months has not accelerated renovations activity this year,” added Mr Garrett.

“During 2017, home renovations work contracted by 3.1 per cent. A further decline of similar magnitude is projected for 2018.

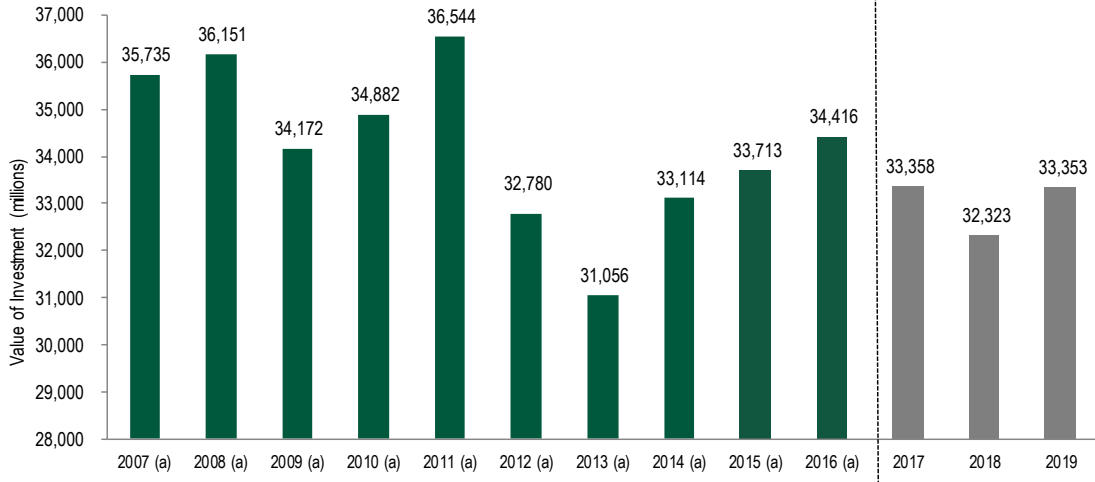
“The medium term holds better prospects for renovations activity. Interest rates are set to remain lower for longer than previously expected. The ageing of Australia’s dwelling stock will also work in favour of renovations demand - the number of houses in the key renovations age bracket of 30-35 years is going to rise substantially until the early part of the 2020s decade.

“Even though current conditions in the renovations market are marking time, the HIA renovations market survey suggests that 40 per cent of firms still intend to take on extra employees over the next 12 months.” concluded Shane Garrett.

HIA forecasts that renovations activity will suffer a 3.1 per cent decline during 2018 but that a 3.2 per cent recovery will take hold during 2019. In 2020, the pace of expansion is set to accelerate to 5.7 per cent. Further growth of 0.9 per cent in 2021 is expected to bring the value of the home renovations market to \$35.57 billion – compared with \$33.36 billion in 2017.

Australia Renovations Forecasts

Source: HIA Economics



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