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MEDIA RELEASE

Home building beats expectations in 2017/18

“Australia’s home building industry beat expectations in commencing construction of 228,480 homes in the 2017/18 financial year. This represents a 3.3 per cent increase on home starts in the previous financial year,” said HIA Economist, Diwa Hopkins.

The ABS today released building activity data for the June quarter of 2018, rounding out the full financial year results.

“It turns out that quite a significant amount of homes commenced construction in the March quarter of this year – more than what the ABS had initially estimated, particularly in the east coast’s multi-unit segment of the market.

“The commencement of well over 200,000 homes in 2017/18 will support overall activity in the residential construction sector into 2019, as the building of these homes progresses through to completion.

“While we are expecting new home building conditions in 2019 to remain healthy, today’s figures also indicate that the home building cycle is cooling.

“Total housing starts declined over the June 2018 quarter, by 5.9 per cent – detached house starts declined by 3.8 per cent, while multi-unit home starts fell by 8.2 per cent,” added Ms Hopkins

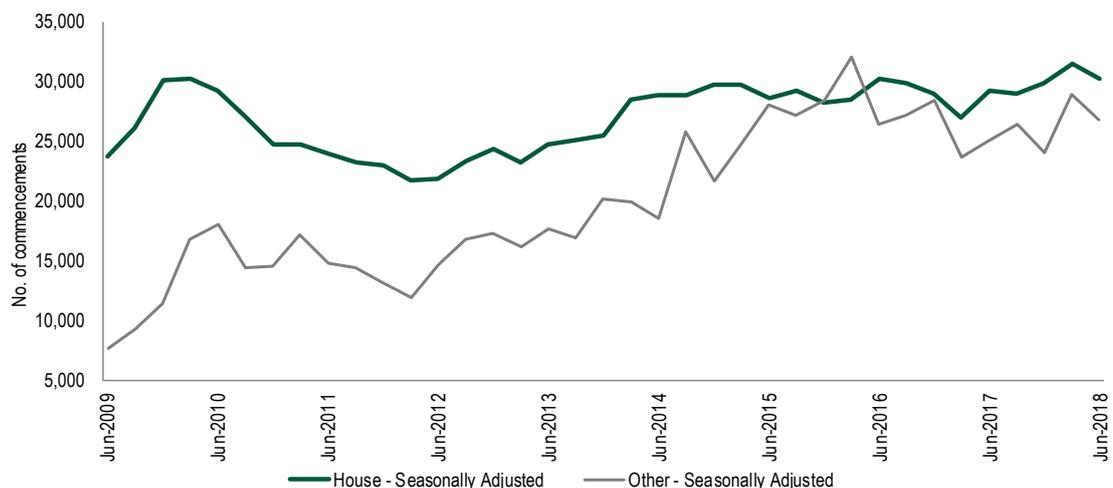
“Tightening credit conditions, falling home prices in the major markets and fewer people now entering the country have been in play for at least 12 months now and this is now taking effect in bricks and mortar construction activity.

“Today’s backward-looking results follow last week’s forward-looking indicators – ABS Building Approvals, HIA New Home Sales and the AIG-HIA Performance of Construction Index – and these are all pointing to further declines in new home building in 2019,” concluded Ms Hopkins.

Total housing starts in 2017/18 increased in Tasmania (29.4 per cent), South Australia (19.4 per cent), Victoria (18.9 per cent) and in the Australian Capital Territory (4.1 per cent). Housing starts declined in the remaining states: Western Australia (-8.7 per cent), the Northern Territory (-8.6 per cent), Queensland (-6.3 per cent) and New South Wales (-4.3 per cent).

House vs 'Other' Dwelling Commencements - Australia

Source: ABS 8752, HIA



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