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MEDIA RELEASE

Work in the pipeline, but the market is slowing

“The boom in building activity experienced over recent years is still resulting in a record number of new homes being built,” stated HIA’s Principal Economist, Tim Reardon

The ABS released data on housing finance for the month of May 2018 and new building commencements for the March quarter earlier today.

“The number of new homes commenced in the March quarter of this year has kept climbing and remains at near record levels. Only once in the past 25 years have more homes been commenced (March 2001),” add Mr Reardon.

“The near record level of building activity is being experienced up and down the east coast.

“Building activity in Victorian in particular is experiencing an unprecedented volume of new homes under construction. This is across detached houses and apartments and is off the back of strong economic and jobs growth.

“We have seen a record volume of approvals for new homes over the past year and these are now translating to a record volume of homes under construction.

“Looking ahead, the housing finance data which was also released today, tells a more subdued and up to date story.

“Lending for the purchase of a new home has slowed throughout 2018.

“Less investor involvement in the market is one of the reasons why we are expecting a slowing in new home building over the next couple of years. The fall in investor activity will be more noticeable in the apartments sector.

“Lending to investors has fallen by 15 per cent over the past year and is a result of restrictions imposed by APRA and state governments to impede investor activity in the market.

“While the market is slowing, there is a significant volume of work in the pipeline and activity remains at record levels,” concluded Mr Reardon.

Lending to investors 3 month rolling total - Australia

Source: ABS Housing Finance



For further information please contact:

Tim Reardon, Principal Economist
Geordan Murray, Senior Economist

0423 141 031
0438 103 651

