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FOR IMMEDIATE RELEASE

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## Home building slows

“The 2018 calendar year set a record for residential building activity but the amount of building work being done by the industry is now slowing,” said Geordan Murray, HIA Senior Economist.

Figures released by the ABS today show that the residential building industry did \$68.7 billion worth of work on new homes during 2018 which was an all-time high.

“The large amount of building work done is a product of having such a large number of homes under construction during the year,” added Mr Murray.

“The figures also confirm that the volume of activity began to retreat from the peak during the second half of the year. The total value of building work done on new homes declined by 3.7 per cent in the final quarter of the year.

“Other leading indicators of residential building activity, such as sales of new residential lots, new home sales, building approvals and housing finance all deteriorated quite significantly during the latter stages of 2018.

“This implies that the pipeline of new residential building work is thinning out and as the homes that are currently under construction reach completion there are likely to be fewer new projects to replace them.

“The number of homes under construction will continue to decline throughout this phase of the cycle and the value of building work will decline accordingly.

“Today’s figures are significant as they provide a good indication that next week’s GDP figures will show that the slowdown in new home building has detracted from GDP growth for the second consecutive quarter.

“HIA forecasts further declines in home building over the next two years which will provide a headwind for economic growth,” concluded Geordan Murray.

For further detail on the forecast for home building activity over the next five years the HIA State and National Outlook reports will be released tomorrow.

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