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## **Housing Market Warms Up but Home Building Still Cooling**

“There may have been positive developments in the broader housing market since mid-year but both the HIA New Home Sales Report and ABS building approvals figures show that new home builders were still feeling the winter chill in August,” stated HIA Senior Economist Geordan Murray.

The HIA New Home Sales report – a monthly survey of the largest volume home builders in the five largest states – is a leading indicator of future trends in the residential building industry.

“The HIA New Home Sales Report showed that sales rebounded by 7.3 per cent in August, which partially made amends for the weak result in July. Despite the improvement in August sales, new home sales in the winter months were 4.6 per cent below the level recorded a year ago.

The Australian Bureau of Statistics today also released its monthly building approvals data today covering all states and territories.

“Today’s building approvals figures from the ABS reaffirm the findings from HIA’s New Home Sales Report – the new home market is yet to see a pick-up in activity despite improved conditions in the established home market,” added Mr Murray.

“The ABS figures showed that detached house approvals in August decreased by 2.6 per cent compared with July, and approvals throughout the three months to August were down by 16.0 per cent compared to the level a year ago.

“Apartment approvals in August remained low relative to the standards set over recent years but multi-unit approvals posted a modest lift of 1.5 per cent in the month. Approvals in the three months to August have dropped to a level 36.5 per cent below the level a year ago.

“The tail end of the housing downturn continues to unfold.

“Throughout the remainder of 2019 the new home market should start to reflect the lower interest rate environment following the RBA’s cuts to the official cash rate. The modest lift in home prices over recent months has led to improved confidence and is likely to result in increased activity amongst investors.

“These factors together should assist the housing market in the back end of 2019,” Mr Murray concluded.

In seasonally adjusted terms, building approvals in August 2019 were up in New South Wales (+10.6 per cent), Victoria (+6.5 per cent), Tasmania (+4.4 per cent) and Western Australia (+4.2 per cent). There were significant falls in both Queensland (-21.4 per cent) and South Australia (-29.7 per cent). In trend terms, approvals in the Northern Territory declined by 8.7 per cent while the ACT dropped by 27.7 per cent.

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**MEDIA RELEASE**

