



the voice of the industry

2 July 2019

MEDIA RELEASE

New Home Sales Bounce Back

“New home sales in May bounced back to their highest monthly level in over a year,” stated HIA’s Chief Economist, Tim Reardon.

The HIA New Home Sales report – a monthly survey of the largest volume home builders in the five largest states – provides an early indication of trends in the residential building industry.

“The pickup in sales during May follows lacklustre results throughout the first four months of 2019,” added Mr Reardon.

“Federal Elections always impact market confidence and the discussion around new tax imposts on investors through an increase in Capital Gains Tax magnified this uncertainty in the first part of the year.

“This month’s result confirms our expectation that the decline in building activity will start to level off in the second half of 2019 and stabilise at a level below the highs achieved back in 2017.

“The resurgence in home sales was evident across all five states covered by the New Home Sales survey, suggesting a broad based improvement in housing market sentiment around the country.

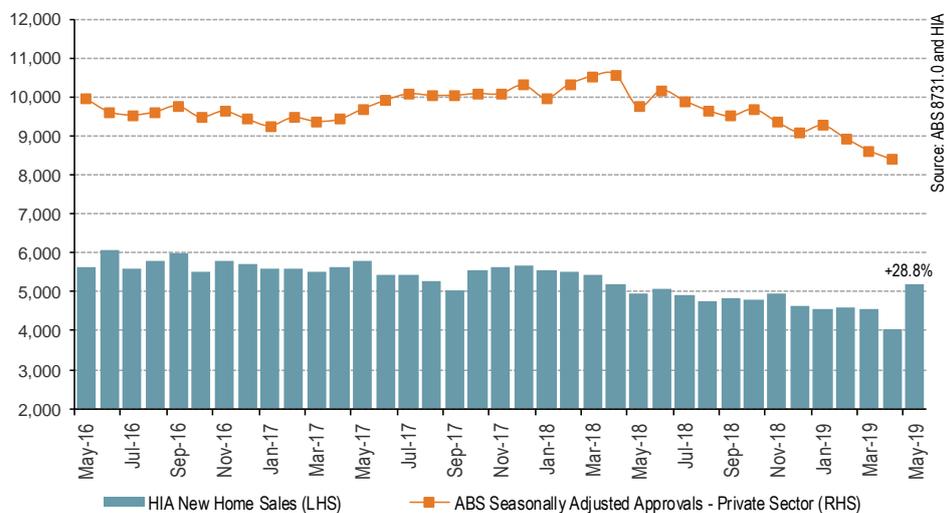
“An easing of the credit squeeze, lower interest rates and an expectation that APRA will implement reforms to mortgage lending guidelines are also factors supporting the lift in sales activity.

“The slow start to 2019 has seen intense competition amongst home builders. The lift in sales shows that more homebuyers are seeing opportunities in this competitive trading environment.

“Income tax cuts, solid population growth and accelerating wage growth are necessary to ensure that the market does not decline further,” concluded Mr Reardon.

New home sales jumped in all four major states, up by 54.2 per cent in New South Wales, by 34.0 per cent in Western Australia, by 26.0 per cent in Queensland, by 25.3 per cent in Victoria and by 0.9 per cent in South Australia.

PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)



For further information please contact:

Tim Reardon, Chief Economist

Tom Devitt, Economist

0423 141 031

0439 514 656

