



the voice of the industry

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HIA New Home Sales drop to lowest level since 2012

"HIA New Home Sales continued the declining trend that we saw throughout most of 2018," said Geordan Murray, HIA Senior Economist.

"The HIA New Home Sales Report shows detached house sales fell by 6.7 per cent in the final month of 2018.

"Sales during the final quarter of 2018 were 14.9 per cent lower than last year.

"While declining home prices in Sydney and Melbourne have made home buyers in these markets far more cautious, the ongoing challenges accessing finance that face many would-be home buyers across the rest of the country continue to weigh on new home sales.

"New home sales declined steadily throughout 2018. The declines ultimately ended up with sales in December dropping to their lowest level since late-2012.

"There is still a large amount of residential building work under way due to residential developments that proceeded with large numbers of off-the-plan sales during 2016, 2017 and early 2018.

"These off-the-plan sales have been flowing through the build process and many are now in the construction phase. This high level of building activity is masking a deterioration looming on the horizon.

"The slowdown in sales that occurred throughout 2018 shows that the pipeline of new work coming through during 2019 is set to be considerably weaker than we've seen in recent years. Home building activity on the ground is set to decline as the year progresses.

"It will be important to watch the trajectory of new home sales during the first half of 2019. This will give us a clear indication of how the contractionary phase of the home building cycle will play out in the second half of 2019 and into 2020," concluded Mr Murray.

It was a weak result across the board in December - New South Wales was the only state where sales did not decline during the month (up by 10.0 per cent). Elsewhere sales declined: by 11.8 per cent in Victoria, 9.2 per cent in Queensland, 4.0 per cent in South Australia and 9.2 per cent in Western Australia.

For further information please contact:

Geordan Murray, Senior Economist	0438 103 651
Tim Reardon, Principal Economist	0423 141 031

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.

For copies of the publication (media only) please contact: Kirsten Lewis at k.lewis@hia.com.au

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