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MEDIA RELEASE

Outlook for Housing Market

“New home sales, approvals and housing financing data all suggest that the demand for detached homes has stabilised, albeit, well below levels of the past five years,” stated HIA’s Chief Economist, Tim Reardon.

HIA released its quarterly economic and industry outlook report today. The State and National Outlook Reports include forecasts for new home building and renovations activity for Australia and each of the eight states and territories.

“Total lending is up from a low point in April 2019. This result is mirrored in new home sales data which also shows April as the bottom of this cycle. The upturn since then has been very modest and best described as a stabilisation in conditions,” added Mr Reardon.

“We do not anticipate that the market will recover the ground lost over the past year, rather the market is calibrating to a new equilibrium consistent with demographic growth.

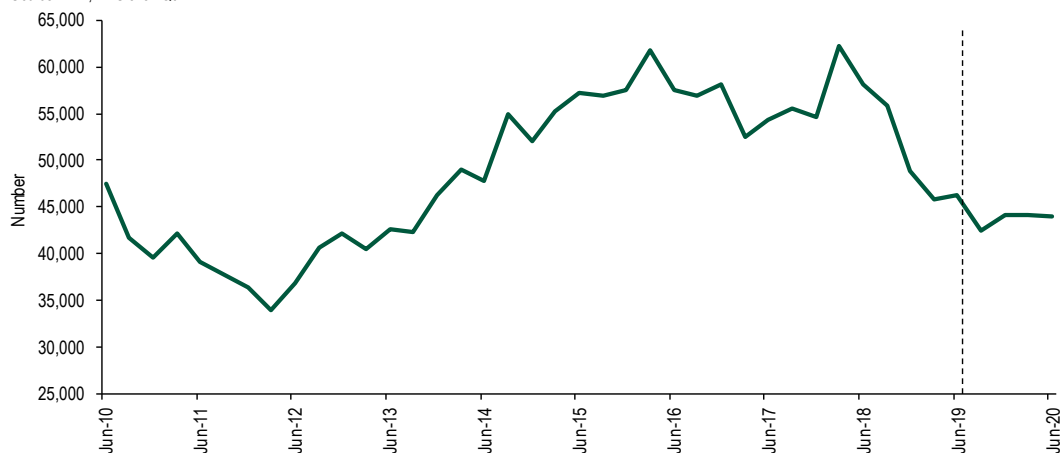
“Three cuts to interest rates, income tax cuts and the easing of APRA restrictions are having a positive impact on confidence. Even with the easing of lending restrictions, access to credit remains the biggest impediment to further improvements in home building activity.

“The new detached home market is forecast to fall from 111,701 in 2018/19 to 102,126 in 2019/2020, before a smaller contraction in 2020/21 to 101,087 to levels experienced in 2013/14.

“Apartment commencements are likely to pause until those apartments that are currently under construction are completed and occupied. This will see multi-unit commencements fall from 85,108 starts in 2018/19 to 72,549 in 2019/20,” concluded Mr Reardon.

Total Dwelling Starts / HIA Forecasts – Australia

Source: HIA, ABS 8752 Qtr



*HIA’s National and State Outlooks are Australia’s most comprehensive housing report card, encompassing renovations activity, new home building, policy updates, global and domestic economic analysis, and dedicated state and territory housing databases. For further information or for copies of the publication (media only) please contact: Kirsten Lewis on k.lewis@hia.com.au

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