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**MEDIA RELEASE**

## **Victorian Housing Continues to Cool**

“After a sustained boom over recent years, residential building activity in Victoria continues to cool” said Fiona Nield, HIA Executive Director, Victoria.

“Building approvals data for Victoria released today by the Australian Bureau of Statistics shows a decline in building approvals for housing in November.

“Total approvals fell by 14.6 per cent in the month of November 2018. Approvals for detached houses declined by 6.1 per cent while approvals for multi-units homes fell by 25.8 per cent during the month.

“Despite the declines in November both detached house and multi-unit home approvals remain at historically high levels thanks to the phenomenal activity of recent years. However, the declining phase for the cycle is well and truly underway. Approvals are well down from their earlier peaks – especially multi-unit homes.

“APRA introduced caps on investor and interest-only lending to curb risky lending practices which put an end to the growth phase of the housing cycle. In light of the softening market these caps have been removed but conditions in the lending market remain tight.

“Processing loan applications has been taking far longer than in the past and a greater number of applications are being rejected. These issues are affecting not just investors, but also owner-occupiers.

“Last year was the peak of residential construction activity for Victoria. HIA forecasts the ongoing declines in approvals will see construction activity fall by around 20 per cent in 2018/19. While this would be a significant drop from the recent peak, it would still see a level of activity that was not too far below historical levels.

“Victoria’s economy is well placed to handle the downturn in the housing market and will continue to support a healthy residential building sector,” Ms Nield concluded.

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