



the voice of the industry

21 May 2020

New home building in ACT to fall by half

“HIA has revised its forecasts for the housing industry in light of the COVID-19 pandemic and now expects housing starts in the ACT to be down by 28.4% in this financial year and to decline by a further 29.4% in 2020/21,” said HIA’s Regional Director, Greg Weller.

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.

“If this transpires, the commencement of new homes in the ACT will have fallen by half from last year, to next,” added Mr Weller.

“The shock to the economy from the halting of overseas migration, the absence of student arrivals and uncertainty over the domestic economy will see the national market at a lower point in December 2020, than it was during the 1990’s recession. It will then continue to decline though 2021, even with the return of overseas students and migration.

“This shock will reverberate through the residential building industry, up and down the supply chain. Employment in the sector is not expected to recover within the next two years.

“The ACT entered this shock in a strong position, with economic and population growth driving demand for housing. The loss of foreign students, tourists and migrants is a major hit to the ACT, even if the stable public employment base protects the broader economy somewhat.

“The loss of the international students and migration creates a temporary imbalance in demand for rental accommodation. The 625,000 overseas students enrolled nationally in Australian education institutions equates to demand for the past two years of apartment construction. It is not clear how many of these left in March or how many will return.

“The new Outlook released today forecast new home building to fall nationally by almost 43%, putting half a million jobs at risk,” concluded Mr Weller.

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MEDIA RELEASE

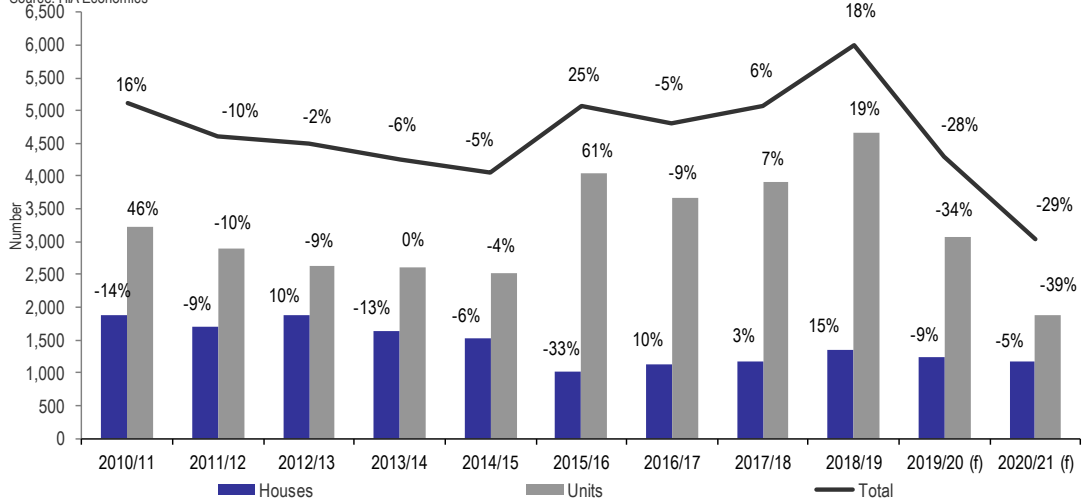




MEDIA RELEASE

New Housing Forecast, by Type, ACT Dwelling Starts

Source: HIA Economics



	Detached Houses	Multi-units	Total
2018/19	1,345	4,662	6,007
2019/20	1,230	3,069	4,299
2020/21	1,163	1,871	3,034
% change 18/19 to 19/20	-9%	-34%	-28%
% change 19/20 to 20/21	-5%	-39%	-29%