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MEDIA RELEASE

## Housing Downturn Weighs on Growth in GDP

“Residential building continued to contract in the final quarter of 2019, weighing on overall economic growth,” said Diwa Hopkins, HIA Senior Economist.

Confirming expectations, figures released by the ABS today show that declines in residential building detracted 0.2 percentage points from overall GDP growth.

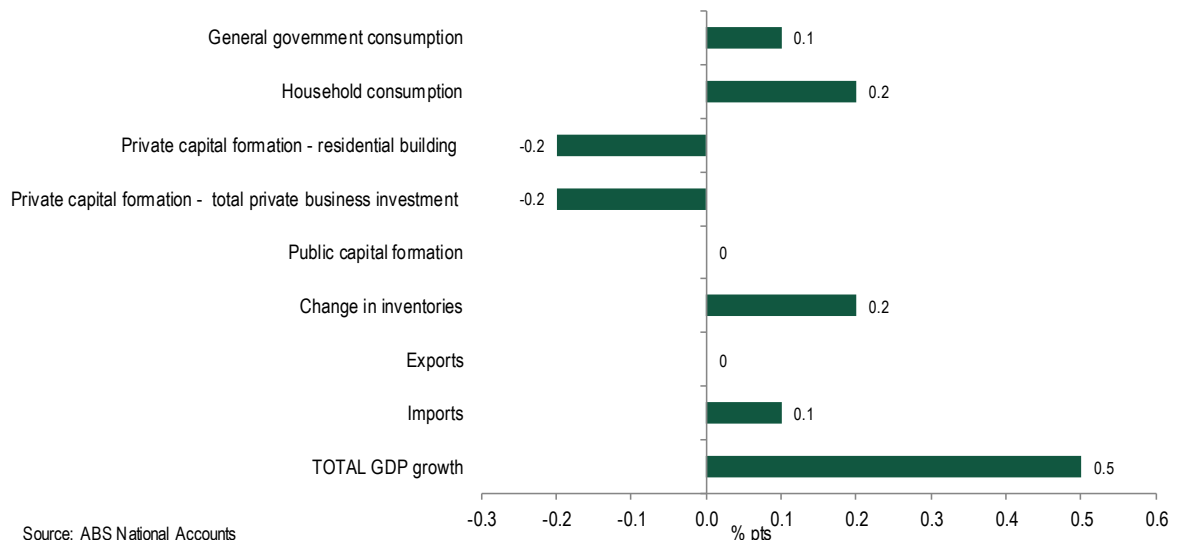
New home building activity fell by 4.1 per cent in the final quarter of 2019 while home renovation activity declined by 2.2 per cent.

“Last year’s cuts to the official cash rate and the freeing up of lending restrictions provided much-needed support to the wider domestic economy. Australia’s GDP grew by a stronger than expected 0.5 per cent in the December 2019 quarter,” said Ms Hopkins.

“The effect of these moves had not yet filtered through to the residential construction sector, which represented a drag on the economy in the December 2019 quarter.

“These results predate the onset of trade and travel restrictions between Australia and China. The restrictions represent a risk to the level of home building – through their effects on supply chains and also demand for new housing,” concluded Ms Hopkins.

### Contributions to GDP Growth - December Qtr 2019



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