



the voice of the industry

12 June 2020

MEDIA RELEASE

New Home Sales Continued to Contract in May

“New home sales have fallen in each of the three months since the introduction of COVID-19 restrictions. This will flow through to a reduction in the volume of work on the ground in the second half of this year,” stated HIA’s Chief Economist, Tim Reardon.

Each month HIA surveys the largest 100 home builders in Australia on their volume of sales (contract to build). These builders account for one third of new houses built in Australia. New home sales fell by 4.3 per cent in May. Over the three months to May, sales were down by 20.3 per cent compared to the previous three months. Sales are also lower in the three months to the end of May than at the same time in 2019 by 18.2 per cent, which was already at a pre-2019 Federal Election low.

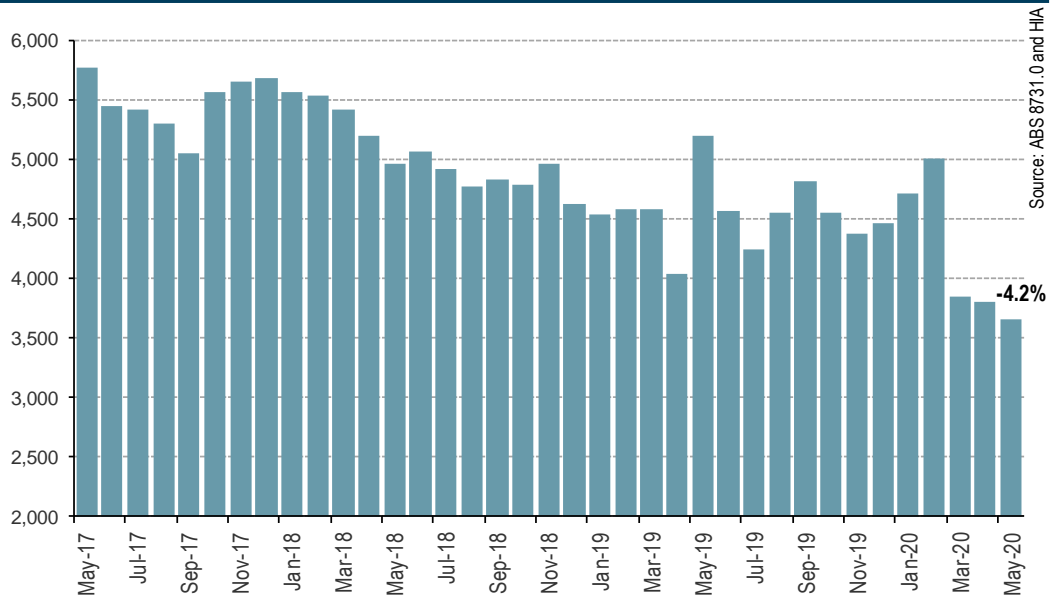
“In March, new home sales fell to their lowest level on record, they fell further in April and lower again in May. The first signs of this contraction will flow through to work on the ground as early as July, before falling more significantly from September onwards,” added Mr Reardon.

“In parallel, the number of cancellations of projects, which are typically around 7 – 9 per cent, are now 26 per cent. This compared to a 17 per cent cancellation rate after the GFC.

“The announcement of the HomeBuilder program in June should arrest the fall in new home sales and improve market confidence, not just in the home building sector but across the wider economy.

“This will improve the outlook for employment in the sector in the second half of 2020 and into 2021,” concluded Mr Reardon.

PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)



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