

MEDIA RELEASE



13 July 2020

New Home Sales Soar in Response to HomeBuilder

“New Home Sales have risen by 77.6 per cent in June, from a record low result in May, off the back of the Government’s HomeBuilder program announced at the beginning of the month,” commented HIA Chief Economist, Tim Reardon.

“The rebound in New Home Sales in June does not fully offset the dismal results of the preceding three months and we are cautious of over interpreting data from a single month. It is a clear indication that HomeBuilder will help protect jobs in the sector in the second half of 2020 and into 2021.

“Additional sales data from July and August will be necessary before drawing accurate estimates on the impact of HomeBuilder on employment in the sector. New home sales data is highly responsive to changes in consumer confidence.

“New Home Sales fell to their lowest level on record in March and continued to fall in April and May. Without intervention, a significant contraction in the volume of work on the ground would have occurred in second half of 2020 leading to a contraction across the wider economy. Up to half a million jobs were at risk without government intervention.

“The improvement in June can be seen across all the states which is a good indication that the HomeBuilder program is working, to varying degrees in each jurisdiction.

“The Government’s announcement of the HomeBuilder program has seen confidence in the market improve.

“Western Australia experienced the largest improvement with sales more than doubling during the month of June, albeit from an exceptionally low base. This is not surprising given the State Government’s ‘Building Bonus’ program, which if combined with the first home buyer scheme can provide support exceeding \$50,000.

“This will create significant employment opportunities and not just in the home building sector.

“The cancellation rate (percentage of sales cancelled during the month) remains elevated at 23 per cent, down from a peak of 30 per cent in April. This suggests that there are still many households that have made the decision not to proceed with a previous new home purchase in light of the changed economic conditions.

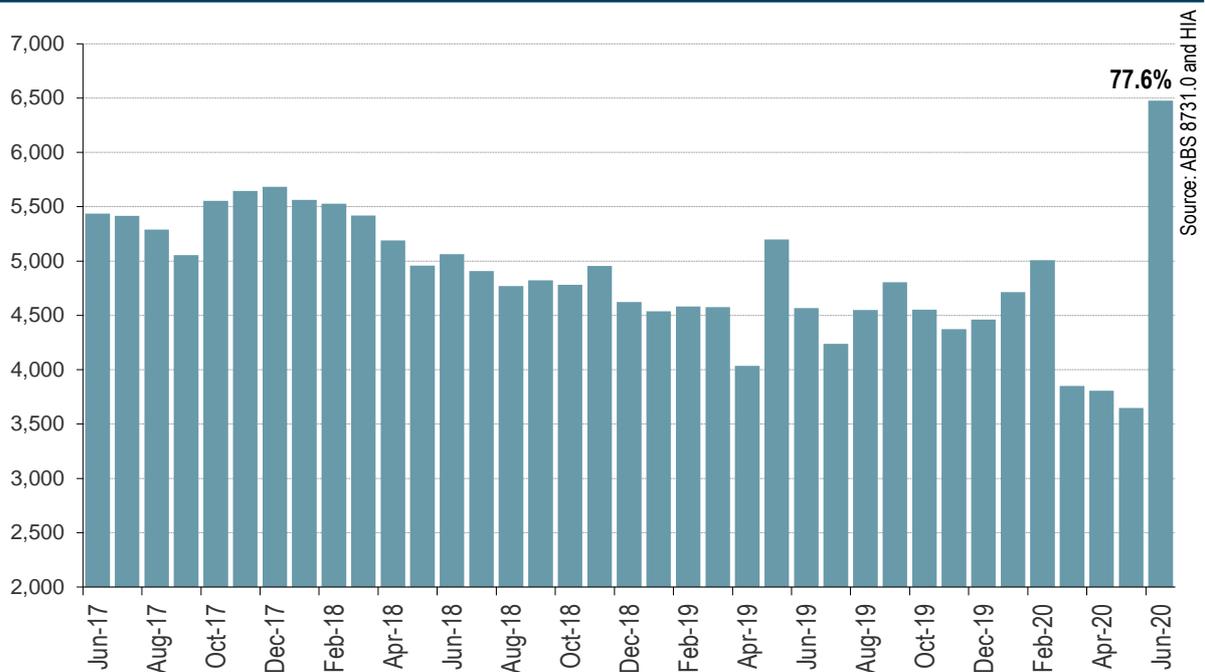
“If the momentum from HomeBuilder continues, we will see more slabs poured before the end of the year, protecting jobs across the economy in manufacturing, retail and professional services,” concluded Mr Reardon.

Across the country, Western Australia had the largest monthly increase in June compared to May 2020, rising by 211.2 per cent. South Australia followed, increasing by 157.1 per cent. Victoria (+47.8 per cent), Queensland (+43.3 per cent) and New South Wales (+12.6) also recorded significant monthly increases.

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PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)



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