

MEDIA RELEASE



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Pressure on home building prior to COVID

“There was a modest lift in dwelling starts in the March 2020 quarter but new starts were still eclipsed by completions. There were more new homes completed than new projects getting underway and as a consequence there are now fewer active building sites around the country,” said Geordan Murray, HIA Senior Economist.

“At the end of March there were around 188,000 new homes under construction which was the lowest number since mid-2015.

“The number of detached houses under construction has dropped by 20 per cent since the building cycle peaked in mid-2018. With around 57,000 under construction at the end of March activity in this part of the market was already below the long term average before COVID19 struck.

“In light of the COVID-19 related shutdown and the drop in sales activity between March and May, it is likely that the next update to this data will show that building activity dropped away further during in the June quarter.

“It will not be until latter stages of 2020 that the lift in sales activity brought about by the HomeBuilder program will be seen on the ground.

“It is promising to see a substantial lift in multi-unit starts in Western Australia during the quarter as the market responded to the state’s stamp duty concession program. Starts in the state’s ailing multi-unit market jumped by 63 per cent in the quarter.

“When combined with the additional measures to boost home building activity announced in June, the state is now on the cusp of a long awaited home building recovery. The lift in activity in Western Australia provides a clear example of what can be achieved by governments seeking to boost economic activity,” concluded Geordan Murray.

A 27.7 per cent increase in starts in Victoria was the main contributor to the lift in the starts nationally in the March 2020 quarter. A 1.6 per cent increase starts was recorded in Queensland, a 9.8 per cent increase in Western Australia and a 12.0 per cent increase in the ACT which also played a role. Dwelling commencements during the March 2020 quarter declined by 12.2 per cent in New South Wales, 1.2 per cent in South Australia, 3.5 per cent in Tasmania and 20.6 per cent in the Northern Territory.

For further information please contact:

Geordan Murray, Senior Economist
Tim Reardon, Chief Economist

0438 103 651
0423 141 031