



the voice of the industry

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MEDIA RELEASE

New home building in New South Wales to fall by more than half

“HIA has revised its forecasts for the housing industry in light of the COVID-19 pandemic and now expects housing starts in New South Wales to be down by 27.5 per cent in this financial year and to decline by a further 34.1 per cent in 2020/21,” said HIA’s Regional Director, David Bare.

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 New South Wales will have fallen by more than half from last year, to next,” added Mr Bare.

“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.

“New South Wales was already in a vulnerable position, with the housing market cooling over the last few years and a significant amount of apartment supply still to come online. The further shock to housing demand from the loss of foreign students, tourists and migrants – who are particularly valuable to the state – is a particularly worrying development.

“The loss of the international students and migration creates a temporary imbalance in demand for rental accommodation. The 625,000 overseas students enrolled 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 per cent, putting half a million jobs at risk,” concluded Mr Bare.

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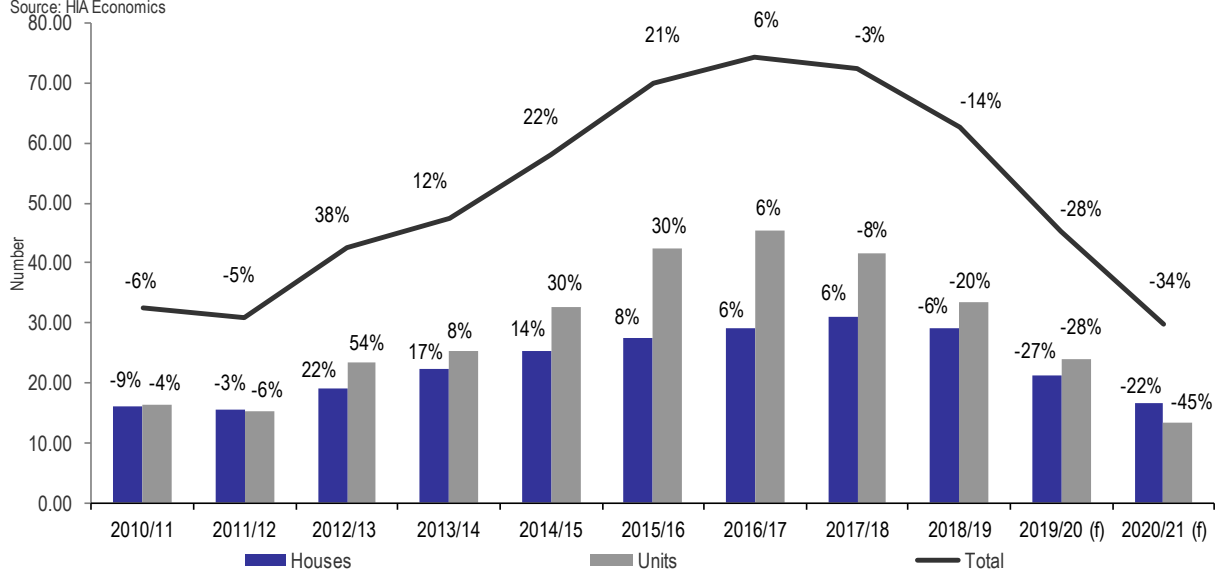




MEDIA RELEASE

New Housing Forecast, by Type, NSW Dwelling Starts

Source: HIA Economics



HIA's National and State Outlooks are Australia's most comprehensive housing report card, encompassing renovations activity, new home building, policy updates, global and domestic economic analysis, and dedicated state and territory housing databases. For a copy of the publication (media only) please contact k.lewis@hia.com.au