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**MEDIA RELEASE**

## **New home building in Victoria to fall over 40 per cent**

HIA's Victorian Executive Director Fiona Nield said HIA has revised its housing forecasts in light of the COVID-19 pandemic and the rapidly changing circumstances.

HIA's quarterly economic and industry outlook reports have been released today and include forecasts for new home building and renovations activity for Australia and each of the eight states and territories.

Given current circumstances, our forecasts expect housing starts in Victoria to be down by 12.7 per cent in this financial year and to decline by a further 33.8 per cent in the 2020/21 financial year.

"If this transpires, the commencement of new homes in Victoria will have fallen over 40 per cent from last year, to next," added Ms Nield.

"The COVID-19 restrictions have caused a shock to the economy in recent months through lower sales and high levels of cancellations which will see a contraction of home building activity in the second half of this year," Ms Nield said.

"This will see the market at a lower point in December 2020, than it was during the 1990's recession so stimulating demand so that the existing housing workforce can be retained and can deliver the homes Victorians need this year has never been so important.

"Victoria entered this shock with a stronger economy than the rest of the country, but, the state is especially vulnerable to the loss of international students and tourists.

"With such a high degree of uncertainty around the outlook, the disruption to migration and the elevated rate of unemployment will also weigh heavily on demand for residential building beyond 2020.

"HIA is working with the State Development Taskforce and has put forward a number of ways in which the state government could assist with a housing led recovery.

"Immediate measures are required to stimulate the demand for new homes and to restore confidence among home buyers in making building or renovating investments.

"Central to HIA's work has been keeping the industry open for business, including seeing display homes continue to open their door to customers and this has happened.

"Now is the time to rebuild the pipeline and that will take some time.

"HIA has been putting forward a range of measures to encourage home buyers back to the market, including a stimulus for home buyers, planning and building reforms, stamp duty concessions and incentives for foreign investors, all of which are aimed at rebuilding housing activity in Victoria.

"The new Outlook released today forecast new home building to fall nationally by almost 43 per cent, putting half a million jobs at risk across the country," concluded Ms Nield.

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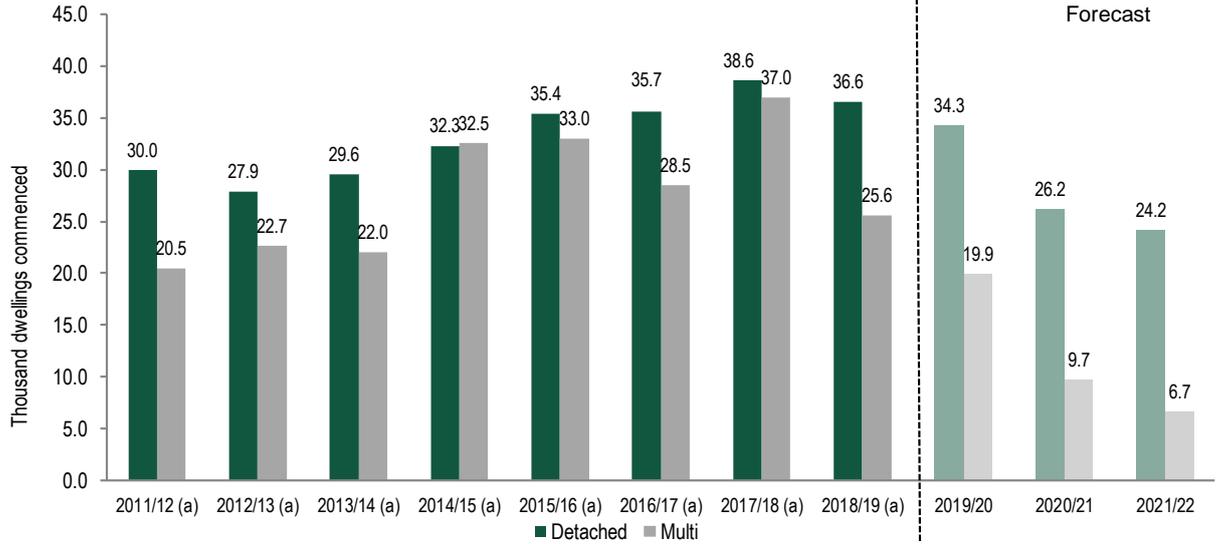




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## VIC Housing Starts Forecasts

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](mailto:k.lewis@hia.com.au)