

# MEDIA RELEASE



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## The Outlook for Home Building in Victoria

“After having the strongest home building market in the country for most of the past decade, the number of new detached homes commencing construction in Victoria is set to fall,” said HIA Executive Director Fiona Nield.

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.

“In our forecasts released today we expect the number of new detached homes in Victoria to fall by 10.4 per cent to their lowest level since 2013/14,” added Ms Nield.

“Unlike all other states, we have not upgraded the forecast for Victoria in light of the extended shut down period.

“Victoria has not seen the same increase in new home sales that has been experienced in other states.

“Victorians have not been able to fully capitalise on HomeBuilder to the same extent as other jurisdictions due to the state’s prolonged second lockdown restricting access to display centres.

“Despite these weaker leading indicators the outlook for Victoria remains solid for the next six months, with HomeBuilder unpinning activity.

“There also appears to be a solid outlook for the renovations market in Victoria with households switching their expenditure from travel to home renovations. This trend has been seen across the country and we expect a 6.7 per cent increase in renovations activity.

“This is a good outcome in light of the enormous shock to the market.

“However, the outlook for the multi-unit market is very poor.

“With weaker demand due to the cessation of overseas migration, the loss of student and tourist demand and the move of Melbournians to Regional Victoria, we expect a 42.4 per cent decline in multi-unit starts this year.

“This will bring total starts in Victoria down by 22.7 per cent from 58,565 in 2019/20 to 45,261.

“The Victorian economy has been underpinned by very strong population growth over the past decade which has seen ongoing growth in employment in the residential building sector.

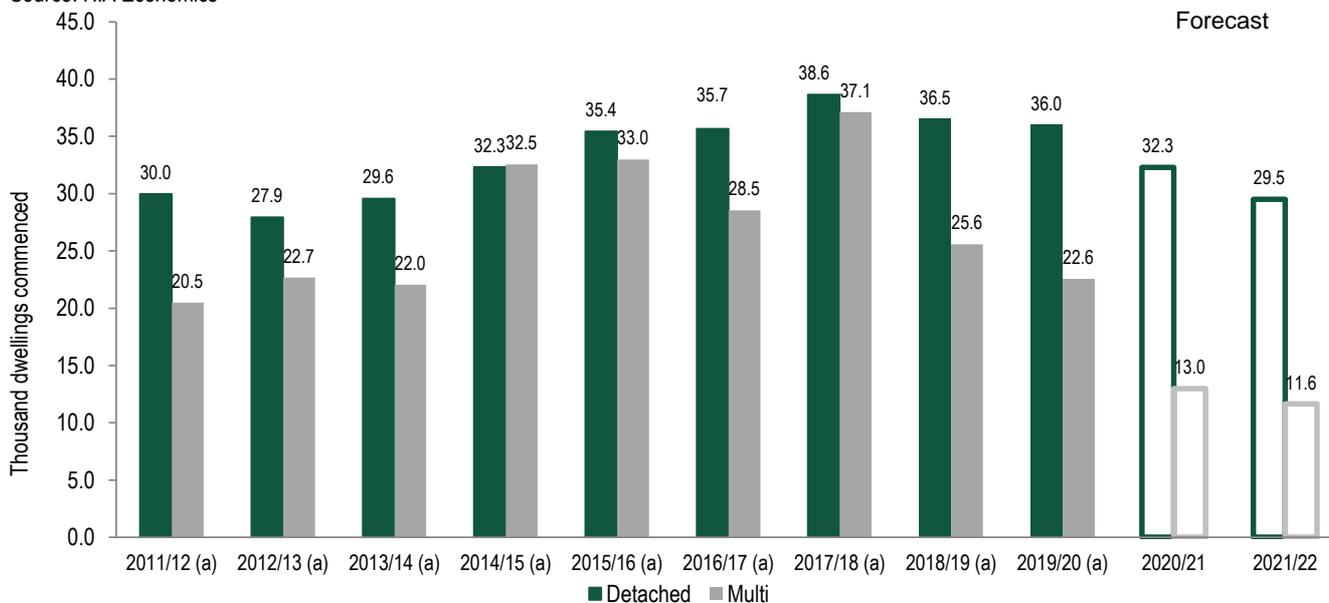
“If population growth doesn’t return in 2021, this will drag further on the volume of new homes commencing construction into 2022,” concluded Ms Nield.

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## VIC HIA 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 further information or for copies of the publication (media only) please contact: Kirsten Lewis on [k.lewis@hia.com.au](mailto:k.lewis@hia.com.au)*

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