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## West Australian Outlook for Home Building

"After more than five years of declines, the West Australian home building industry is starting 2020 with a much brighter outlook," stated HIA Executive Director, Cath Hart.

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.

"Several indicators have already started moving in the right direction," said Ms Hart.

"Population growth is increasing thanks to overseas migration and continues to improve and we're seeing an easing in the rate of interstate migrants leaving the state.

"Building approvals and private new house sales in Western Australia both finished off 2019 with a bang, jumping in the final quarter. New home lending was also heading in the right direction last year.

"The rental market has been strengthening, with rental prices improving since late 2018 and vacancy rates declining since mid-2016.

"First home buyers have also started taking on larger loans which is traditionally a precursor in Western Australia to a broader recovery in dwelling prices.

"The State Government's recent stimulus for multi-unit developments and the push in Perth for infill and higher density development will also support this segment of the market.

"Things are finally looking up for home building in Western Australia and we're confident about seeing a slow and steady recovery throughout 2020, especially when combined with interest rate cuts, tax cuts and the Federal Deposit Guarantee Scheme.

"Western Australia obviously went through a deep and protracted slump following the mining and resources boom but we are now in a situation where home building activity is undershooting demographic demand so the recovery is long overdue."

Ms Hart said the effects of trade and tourism restrictions with China posed a material downside risk to the current forecasts.

"We are closely monitoring the impact of this but as the effects are still emerging we have not factored them into our forecasts," she said.

Detached dwelling commencements are forecast to decline marginally from 11,960 in 2018/19, down by 4.4 per cent to 11,435 in 2019/20, before recovering strongly by +21.5 per cent to 13,900 in 2020/21. Multi-unit commencements are forecast to begin their recovery immediately from 3,530 in 2018/19, up by 2.9 per cent to 3,630 in 2019/20 and a further +53.1 per cent to 5,560 in 2020/21.

*\*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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### WA Housing Starts Forecasts

Source: HIA Economics

