

MEDIA RELEASE



14 April 2021

HomeBuilder drives surge in new home building

“The number of new houses that commenced construction in the December quarter was the second highest level on record,” stated Tim Reardon, HIA’s Chief Economist.

“House commencements surged by 27.0 per cent in the final quarter of 2020 to their highest level since March 2000,” added Mr Reardon.

“This record level of investment in new home building occurred six months after the announcement of the HomeBuilder program. The increase in commencements occurred across all jurisdictions.

“The record volume of home building will continue to retain jobs and absorb workers from across the rest of the economy.

“This isn’t the peak of building commencements. We anticipate that commencements will reach a new peak in mid-2021. This will see a very strong level of building activity into the middle of 2022.

“Demand for detached housing is also being supported by the record low interest rates and the shift in population away from metropolitan centres towards the regions. The sudden realised potential of working from home has opened up new areas for housing demand that previously may have been considered too distant.

“The segment of the market that has driven the bulk of this record level of demand is first home buyers who have accounted for over 40 per cent of all loans in recent months. This contrasts with the investor-driven demand of the previous cycle.

“Multi-units starts saw a more modest increase of 4.6 per cent in the final quarter. This sector is still a long way down from its previous peaks and need an injection of overseas migrants, students and tourists if it is to contribute more to Australia’s economic recovery,” concluded Mr Reardon.

All states and territories saw gains, led by Western Australia, which saw new house starts double in the final quarter of 2020 (+108.5 per cent). This was followed by the Northern Territory (+51.7 per cent), Queensland (+33.2 per cent), New South Wales (+21.2 per cent), South Australia (+13.1 per cent), the Australia Capital Territory (+11.7 per cent), Victoria (+9.9 per cent) and Tasmania (5.8 per cent).

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New housing commencements

Source: ABS



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