

MEDIA RELEASE



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New Home Sales Fall as Rush to HomeBuilder Ends

“New Home Sales in January 2021 were just 12.1 per cent lower than at the same time the previous year,” stated HIA’s Chief Economist, Tim Reardon.

The HIA New Home Sales report – a monthly survey of the largest volume home builders in the five largest states – is a leading indicator of future detached home construction.

“New Home Sales reached remarkable heights in the December 2020 quarter, almost 100 per cent higher than at the same time the previous year. The impact of HomeBuilder is already being observed in record high housing finance results and approvals data and this will lead to strong jobs growth in the industry in 2021”, added Mr Reardon.

“The surge in sales at the end of 2020 can be attributed to HomeBuilder as households finalised contracts to build a new home before the end of the 31 December 2020 deadline to access the \$25,000 grant.

“As a consequence of HomeBuilder drawing forward sales in December, New Home Sales in January 2021 were just 30% per cent of the number of sales achieved in December 2020.

“This is still an encouraging result given the nature of the market in January, which is typically a slow month for sales. After drawing forward sales into December, HomeBuilder will also push sales back until the end of March when the reduced \$15,000 grant ends.

“For this reason, sales are expected to remain flat in February before another surge in March. The March surge will not be of the same quantum as December due to the lower grant offering.

“The relative strength of sales in January is encouraging and indicates that there will remain ongoing demand for new homes beyond the HomeBuilder scheme.

“Low interest rates, rising house prices and a demographic shift in demand towards detached housing and regional areas should ensure ongoing demand for new homes albeit at a level significantly below that observed in the last quarter of 2020,” concluded Mr Reardon.

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PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)

