

MEDIA RELEASE



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A record year of house building is underway in Victoria

“A record number of detached housing starts will occur in Victoria in the 12 months to September 2021 of over 45,000 starts. This is almost 17 per cent higher than the peak of the previous boom in 2018,” stated Executive Director, Fiona Nield.

This forecast is contained in HIA’s economic and industry Outlook Report. The State and National Outlook reports include updated forecasts for new home building and renovations activity for Australia and each of the eight states and territories.

“This large volume of work will ensure that the industry remains very active through until at least the second half of 2022,” added Ms Nield.

“Renovation activity is also at an all time high and likely to remain elevated for a number of years due to the nature of the COVID recession and house price growth.

“This level of activity is not likely to be seen again for many years, if not decades. The combination of factors that have led to this boom is unprecedented and are driven by HomeBuilder and low interest rates as well as a change in consumer preference away from high density areas.

“The key challenge for the industry has shifted from a slump in demand this time last year, to having sufficient supply of materials, labour and land to satisfy this demand.

“The extension of HomeBuilder’s commencement deadline will help limit the impact of constraints imposed by land, labour and materials and ensure the elevated volume of detached homes will be sustained for longer.

“In stark contrast to the detached sector, multi-unit starts are anticipated to decline in 2020/21 and continue to decline in 2021/22.

“The timing and speed of a recovery in overseas migration will have a significant impact on these forecasts.

“If overseas migration returns sooner, or faster, than anticipated, then the trough of new housing starts in 2023 will not be as deep as currently forecast. Equally, if the restrictions on skilled migration continue into 2022 the depth of the emerging slowdown in new detached starts will be exacerbated,” concluded Ms Nield.

**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*