

# MEDIA RELEASE



20 April 2021

## HomeBuilder produces new record for Victorian home building

“Victoria commenced construction of a record number of new houses in the final quarter of 2020,” stated HIA Executive Director Fiona Nield.

The ABS building activity data for the December 2020 quarter was released last week.

“House commencements jumped by 9.9 percent in the final quarter of 2020, from already-elevated levels, to the highest level since records began in 1969”, added Ms Nield.

“This surpasses the heights of the most recent boom, as well as the peak associated with Australia’s post-GFC stimulus, and the spike immediately preceding the introduction of the GST.

“This record level of investment in new home building occurred within just six months of the announcement of the HomeBuilder program and despite Victoria’s prolonged second COVID-19 lockdown.

“This does not appear to be the peak of building commencements. We anticipate that commencements will reach a new peak in mid-2021.

“This should see a very strong level of building activity into the middle of 2022 and will continue to retain and absorb workers from across the country, supporting the broader economy.

“This continuation of activity can be seen in HIA’s own New Home Sales report – a monthly survey of the largest volume home builders in the five largest states.

“The HomeBuilder program led to a surge in new home sales in the second half of 2020, especially in December as households rushed to finalise contracts to build a new home before the end of the \$25,000 grant.

“The closure of the second phase of HomeBuilder led to another spike in sales for March 2021 reaching their second highest level since 2001, behind the December 2020 spike.

“Demand for detached housing is also supported by record low interest rates, improved market confidence, and the shift in population away from metropolitan centres towards the regions – driven nationally by losses in Melbourne. The sudden realised capacity of many people to work from home has opened up many new areas for housing demand that may have previously been considered too distant.

“The segment of the market driving the bulk of this record level of demand is first home buyers who have accounted for over half of all loans for the first time since the GFC. This contrasts with the investor-driven demand of the previous cycle.

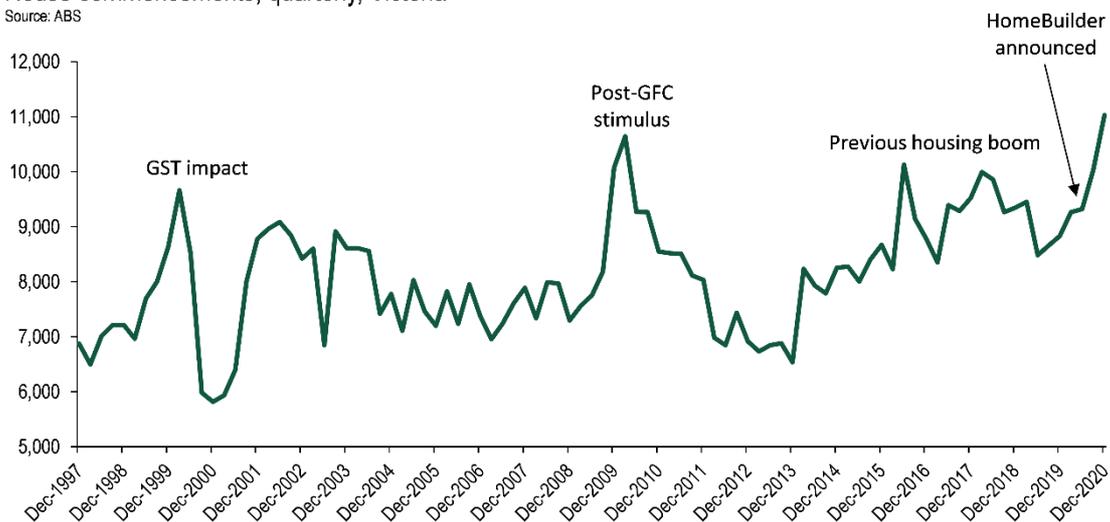
“The multi-units sector is still a long way down from its previous peaks and needs an injection of overseas migrants, students and tourists, if it is to contribute more to Victoria’s economic recovery,” concluded Ms Nield.

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House commencements, quarterly, Victoria

Source: ABS



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