

MEDIA RELEASE



12 March 2021

Strong Market Confidence Carries New Home Sales into 2021

“New Home Sales increased in February 2021 to be 1.7 per cent higher than February last year, prior to the impact of COVID restrictions on new home sales,” stated HIA’s Economist, Angela Lillicrap.

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.

“Sales in the three months to February 2021 were higher by 60.5 per cent than in the same three months the previous year. This strong result reflects the significant impact of HomeBuilder on demand for detached housing,” added Ms Lillicrap.

“HomeBuilder was the catalyst for improving consumer confidence in the housing market.

“A surge in sales was observed following the announcement of HomeBuilder in June 2020, which led to strong sales through to the end of 2020.

“In December 2020, there was a near record volume of new home sales as households rushed to finalise contracts to build a new home before the end of the \$25,000 grant.

“The full impact of the extension of the HomeBuilder grant, at a value of \$15,000, will not be observed until the end of March.

“To receive the HomeBuilder grant, construction is required to commence within six months of signing a contract to build. As a consequence, it is possible that builders will delay the signing of some contracts to allow for greater flexibility and more detailed planning of projects.

“For this reason we expect a surge in sales in March. Due to the lower grant offering, this surge will not be as large as the December 2020 surge.

“Record low interest rates and rising house prices are sustaining market confidence into 2021. This strong level of consumer confidence combined with the demographic shift to regional areas is driving ongoing demand for new detached homes,” concluded Ms Lillicrap.

Sales in the three months February 2021 increased across all jurisdictions compared to the same time the previous year. South Australia is up by 149.7 per cent, followed by Victoria (+69.1 per cent) and Queensland (+60.4 per cent). New South Wales increased by 46.2 per cent and Western Australia is up by 25.1 per cent over the same period.

For further information please contact:

Angela Lillicrap, Economist

Tim Reardon, Chief Economist

0404 406 567

0423 141 031

MEDIA RELEASE



PRIVATE NEW HOUSE SALES - AUSTRALIA (SEASONALLY ADJUSTED)

