30 Burnett Street
North Hobart TAS 7000
PO Box 346
North Hobart TAS 7002
t (03) 6230 4600
f (03) 06230 4660
hia.com.au

1 June 2020

C/- Mr Tony Ferrall
Secretary
Department of Treasury and Finance
21 Murray Street
Hobart TAS 7000

Via email: secretary@treasury.tas.gov.au

Dear Council Members

Premier's Economic and Social Recovery Advisory Council

Thank you for the opportunity for the Housing Industry Association (HIA), as the peak industry body for residential construction in Australia, to provide input on the current challenges confronting our industry due to COVID-19. Clearly this is not just a health crisis but an economic one that requires a carefully managed response.

It is appropriate that HIA firstly acknowledges the efforts of the Tasmanian government in providing a range of important measures for new home building over the last two months. These measures have been welcomed by the housing industry and have provided some initial and immediate relief.

However, more assistance is needed as HIA remains concerned nationally, and indeed in Tasmania, that a contraction in the volume of homes under construction is expected from the second half of 2020. Uncertainty of employment and a fall in consumer confidence has halted the momentum in home building.

Whilst this development is alarming, it also provides economic opportunity, as the reality is that the home building industry has led economic recovery from most post-war downturns and with the appropriate approach, can again play a significant role in supporting the Tasmanian economy.

HIA has presented the Tasmanian government with a Home Building Recovery Plan which sets out a number of measures to stimulate home building activity. These proposals seek the support of all governments, through the collaboration of the National Cabinet, to deliver the necessary re-boot for home building and ensure that as the current support measures conclude, such as JobKeeper, that the housing industry is well placed to make a difference. However, HIA believes that the Tasmanian government has a specific and important role to play in supporting measures to augment housing demand and stimulate the new home market over the coming months while limiting any further decline in activity.

I note that the Council has asked a series of questions and invited a response. Rather than respond to each individual question where there is commonality I have grouped a number of these responses together. I have also referred to detailed HIA documentation that has previously been prepared for government and remains pertinent to the Council and its terms of reference.

Current and future impacts with consequences for the industry

HIA has revised its forecasts for the housing industry in light of the COVID-19 pandemic and now expects housing starts in Tasmania to be down by 7.5 per cent in this financial year and to decline by a further 34.5 per cent in 2020/21. If this transpires, the commencement of new homes in Tasmania will have fallen by almost 40 per cent from last year to next. In terms of housing numbers this equates to a shortfall of approximately 1,200 homes. This could be disastrous, as pre-COVID-19 Tasmania was already failing to meet demand, particularly around social and affordable housing.

The shock to the economy from the halting of overseas migration, the absence of student arrivals and uncertainty over the domestic economy will potentially see the market at a lower point at the beginning of 2021 than it was during the 1990's recession with this decline continuing even with the return of overseas students and migration. This shock will reverberate through the residential building industry, up and down the supply chain. Employment in the sector is not expected to recover within the next two years and will place up to 7,000 jobs at risk.

While Tasmania entered this shock in the midst of an economic revival this has only served to delay the depletion of the pipeline. Population growth was driving economic and housing industry activity. The loss of international tourists, students and migrants to the COVID-19 pandemic will inevitably take its toll.

Based on HIA modelling from end of March, together with members' feedback, if the new home sales' pipeline continues to trend downwards, Tasmania will run out of new commencements in late August 2020. This further highlights the need to bring forward demand in Tasmania with stimulus aimed at new housing and renovation.

I have attached a copy of HIA's State Outlook which provides comprehensive data on the short, medium and long term effects of COVID-19 on new home building and renovation.

Mitigation, stimulus and time-frames

In advocating for a housing led economic recovery HIA has tabled a range of immediate measures to be implemented by government. These measures that require State support include:

- Targeted new home buyer incentives addressing new home building and renovation as well as the affordable end of the market with specific provision for first home buyers;
- A 'HomeKeeper' incentive and insurance scheme for those that had already entered into contracts from 1 January 2020;
- Stamp duty concessions for new home building;
- A single step approval process for all new homes that comply with State housing codes to prevent blockages to delivery at such a critical time;
- A home renovation package to support homeowners to undertake renovations and additions that improve the energy efficiency of existing homes;
- Repurposing of public land and incentives to increase the supply of social and affordable housing.

HIA has also included other measures to be considered by government over the longer term to sustain the residential construction industry and maximise it positive contribution to the social and economic health and prosperity of Tasmania. These include broader planning and State tax reforms to improve affordability and address unnecessary delays that impact adversely on housing supply.

The full version of HIA's Home Building Recovery Plan is attached. If you would like further details on this or the economic outlook for Tasmania this can be arranged.

I look forward to your consideration of these measures and would be pleased to speak to you further at any time about how we can ensure the housing industry contributes to the recovery.

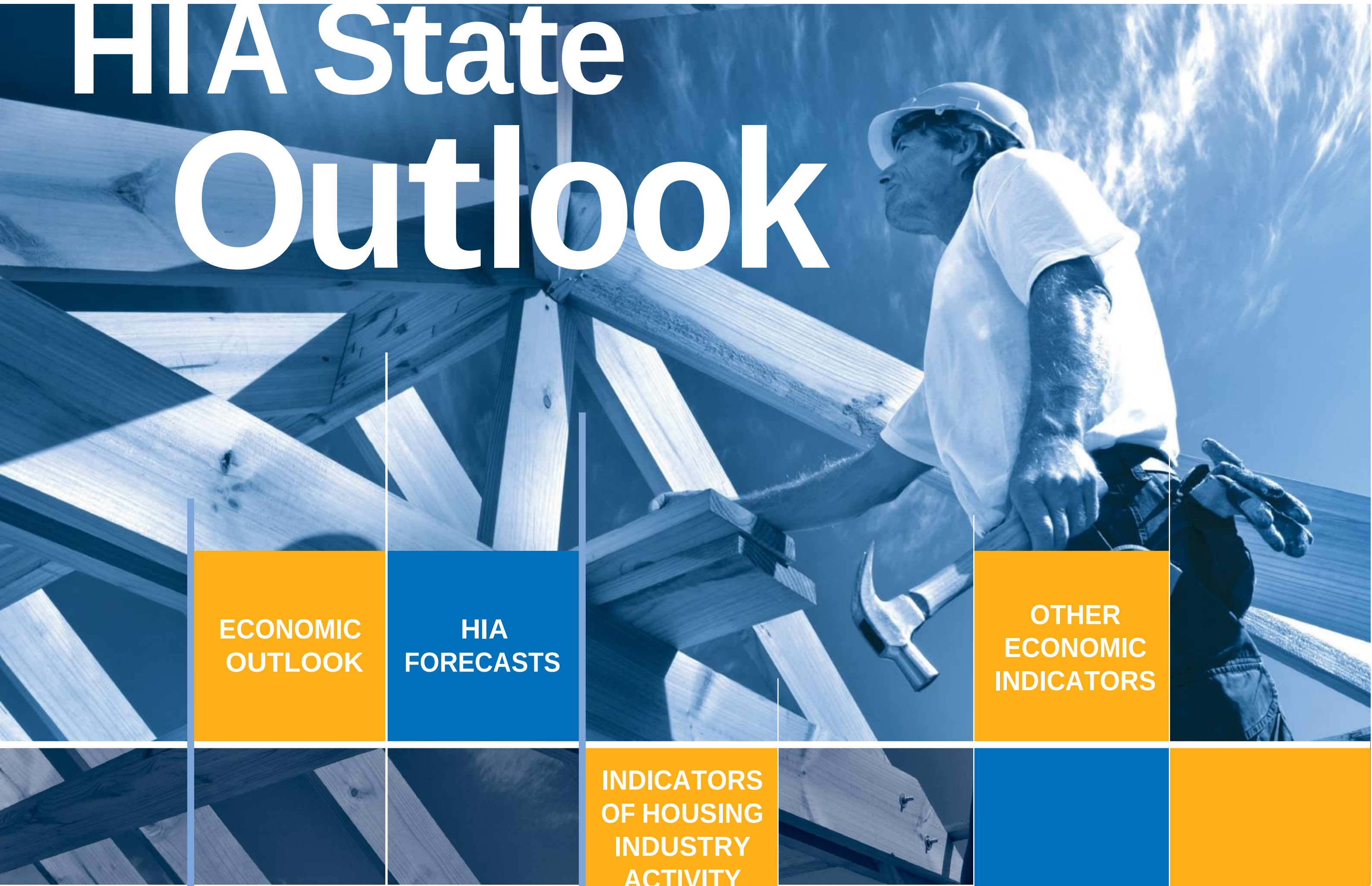
Yours sincerely
HOUSING INDUSTRY ASSOCIATION LIMITED

Stuart Collins

Stuart Collins
Executive Director
Tasmania

TASMANIA

HIA State Outlook



ECONOMIC OUTLOOK

HIA FORECASTS

OTHER ECONOMIC INDICATORS

INDICATORS OF HOUSING INDUSTRY ACTIVITY

A quarterly update on the housing & renovation industry

Autumn edition 2020

Produced by HIA Economics

Tim Reardon
Chief Economist

Geordan Murray
Senior Economist

Diwa Hopkins
Senior Economist

Tom Devitt
Economist

Angela Lilicrap
Economist

Kirsten Lewis
Economics Coordinator

Spring Tasmania

Autumn Edition 2020

Data included until 14th May 2020

economics.hia.com.au

CONTENTS

COVID-19 TIMELINE

December 2020	First cluster of people with unknown respiratory illness discovered in Wuhan, China
January 2020	First case of COVID-19 **outside of China** confirmed, in Thailand
	First case of COVID-19 **in Australia,** in Melbourne confirmed, followed by three more in Sydney
	Australia raised Wuhan travel alert to **"Do not travel"**
February 2020	Australian government requires non-citizens travelling into Australia **from China to spend a fortnight in a third country** before being allowed into Australia
	Australia announces a 14-day ban on non-citizens arriving from China
	Global COVID-19 death toll passes 1,000
	The WHO names the novel coronavirus COVID-19.
	China travel ban is extended
	Australian government requires non-citizens travelling into Australia **from Iran** to spend a fortnight in a third country before being allowed into Australia
March 2020	RBA cuts the official cash rate to new all-time low of 0.5 per cent. It is the first central bank to cut interest rates in response to the outbreak.
	Australian government requires non-citizens travelling into Australia **from South Korea** to spend a fortnight in a third country before being allowed into Australia
	Global cases reach 100,000
	The WHO **declares a global pandemic**
	Australian government requires non-citizens travelling into Australia **from Italy** to spend a fortnight in a third country before being allowed into Australia
	Australian government announces **first economic rescue package** - $17.6 billion. A one-off $750 payment to welfare recipients, assistance for small and medium sized businesses, wages support for apprentices,
	Federal and state governments establish the **National Cabinet**, consisting of the Prime Minister and the premiers and chief ministers of each of the states and territories
	Australian government requires **all travellers** arriving in or returning to Australia to **self-isolate for 14 days**
	Australian stock market plunges 9.7% (at 5,002 points), its largest one day fall since the 1987 stock market crash, losing $165 billion in value, and 30% down on its peak of 20 February 2020 (at 7,162 points)
	Australian government declares ban on indoor gathering of more than 100 people
	Australian government closes **borders to all non-residents and non-citizens**
	Australian government imposes **social distancing** rules (1 person per 4sqm)
	Australian Government announces second round of **business financial assistance and JobSeeker changes - $66 billion**
	NSW and Victorian governments **close non-essential services**. SA and WA governments **close their borders.**
	Australian government **closes places of social gathering** including clubs, bars, cinemas, nightclubs. Cafes and restaurants permitted to remain open for takeaway only. **Schools effectively close**
	Australian and state and territory governments introduce tighter restrictions: public gatherings limited to two people; vulnerable and older Australians urged to stay home; only four acceptable reasons to leave home - shopping for essentials, medical needs, exercise, work and education. **Auctions and open homes effectively banned**
	Australian Government announces **six-month moratorium on rental evictions**
	Australian Government announces $130 billion **JobKeeper** package
April 2020	Australian Government announces that childcare will be free during the COVID-19 crisis
	Global cases of COVID-19 surpass 1 million, death toll close to 100,000
	The ACT becomes the first jurisdiction in Australia to eliminate all known cases of the virus
May 2020	**Social restrictions ease in NSW** with two adults allowed to make social visits to other households
	NT eases social restrictions - no longer subject to the 10 person limit for outdoor activities and playgrounds will also be opened. Open homes and in-person auctions are now allowed. Plans announced for the second stage of easing to commence on May 15
	Two person rule **eased to a 10 person limit in WA,** home inspections allowed to go ahead if the 10 person rule is followed
	Queensland to ease some restrictions - travel now allowed to a maximum of 50km from one's home
	ACT eases some of its restrictions
	Federal Government announces **three stage road map to re-opening the economy**
	ACT allows on-site auctions and home inspections limited to 10 people
	Tasmania announces that open homes and auctions can resume with 10 people from May 18 and 20 people from June 15
	NSW eases restrictions on auctions and open houses
	South Australia allows on-site auctions and home inspections limited to 10 people
	Victoria allows on-site auctions and home inspections limited to 10 people

SUMMARY

By Tim Reardon

In 2018/19, the residential building industry engaged over 1 million people to commence construction of almost 200,000 new homes. Next year we expect to start just 111,000 new homes leaving up to 500,000 jobs at risk.

The shock to the economy from the halting of overseas migration, the absence of student arrivals and uncertainty over the domestic economy will see the market at a lower point in December 2020, than it was during the 1990's recession.

This shock will reverberate through the home building sector, up and down the supply chain. Employment in the sector is not expected to recover within the next two years.

For the past 20 years Australia's population growth rate has trended around 1.5 per cent a year. With this growth, and with stable economic conditions, Australia needs to build more than 180,000 homes per year.

At the start of 2018, the supply and demand for housing was as close to balance as it had been for decades. Following this, the number of housing starts slowed despite stable population growth. Declines in new home building accelerated in 2018 as bank-induced credit squeeze forced the sharpest downturn in the market since the introduction of the GST.

The COVID-19 halt to immigration means Australia's population growth will fall woefully short of the weakest of forecasts. The Australian Treasury has provided guidance that net overseas migration in the next financial year is expected to drop to around 85 per cent below the level recorded in 2018/19. If this were to occur, Australia's population growth rate will drop to around 0.5 per cent per annum.

If Australia's annual population growth rate drops to this level, the implied demand for new home building will be around 70,000 homes per annum.

This level of demand could be satisfied simply by completing the dwellings that are already under construction, a task that would be largely completed by September 2020 leaving little work for the more than 1 million people engaged in the residential building sector.

Compounding this, the loss of the temporary resident population creates the risk that Australia will have a surplus of housing over the next few years. The 625,000 overseas students roughly equates to demand for the past two years of apartment construction. This doesn't include the return of short term accommodation into long term rental stock due to the decline in tourists and visitors.

A return of overseas students to Australia is central to preventing an imminent collapse in employment in the construction of multi-unit and detached homes.

The forecasts contained in this Outlook publication assume overseas migration recommences in 2021, that these students will actually return in 2021, and when they do, overall numbers double. The class of 2021 will double to include the class of 2020, contrary to Treasury's scenario.

Australia's medium-term future depends on not just our own circumstances but also those of the rest of the world. The efforts of the Reserve Bank of Australia – along with their international counterparts - to ensure ample credit are necessary to ward off the risk of a deflationary cycle across developed economies. The risks that insufficient policy support will send the world economy into a decade of deflation, depression and human hardship, are present. The added oil price shock also impairs future resource development in Australia.

The deflationary risk is a peculiar situation where governments spending more will not only help their economies, but also generate more taxation revenue and improve their longer term budget situations. It is a rare reality where vice is virtue and virtue is vice – being austere can actually worsen the situation and being profligate assists with the recovery. This means that of all the concerns facing government right now, debt should not be at the top of the list.

In the shutdown phase, JobKeeper plays a very important role in supporting business and employees. Its role is to offset wage losses during this period, maintain a connection between employers and their staff, and assist business to recover after the economy restarts. For many small building businesses, who have been fortunate enough to continue to trade through the shutdown, their turnover has not been affected. The shock to their business is looming.

Restarting the economy and allowing students to return are necessary steps to a full recovery. At that point, drawing forward housing demand can also play a role in alleviating the emerging shock to new home construction and the wider economy. Traditionally, Australia has done this through empowering consumers to build new homes.

Even if population growth returns early in 2021, and the government and the RBA have bridged the gap through fiscal and monetary stimulus, new home construction and associated employment will not recover within the next two years.

The previous Outlook publication in February projected the bottom of the credit squeeze induced downturn in home building to occur in April 2020 – at around 18 per cent lower than at the start of 2018 - before the market stabilised over the remainder of the year.

In this Outlook publication dwelling starts are forecast to decline by a further 13 per cent in the June quarter of 2020, in light of the significant increase in project cancellations, with the first declines to occur in Perth, before flowing to Adelaide and Brisbane.

Nationally, dwelling starts are forecast to decline by a further 15 per cent in the September 2020 quarter, and by a further 9 per cent in the December quarter as the decline in demographic demand leads to a further drop in starts as we progress through the year.

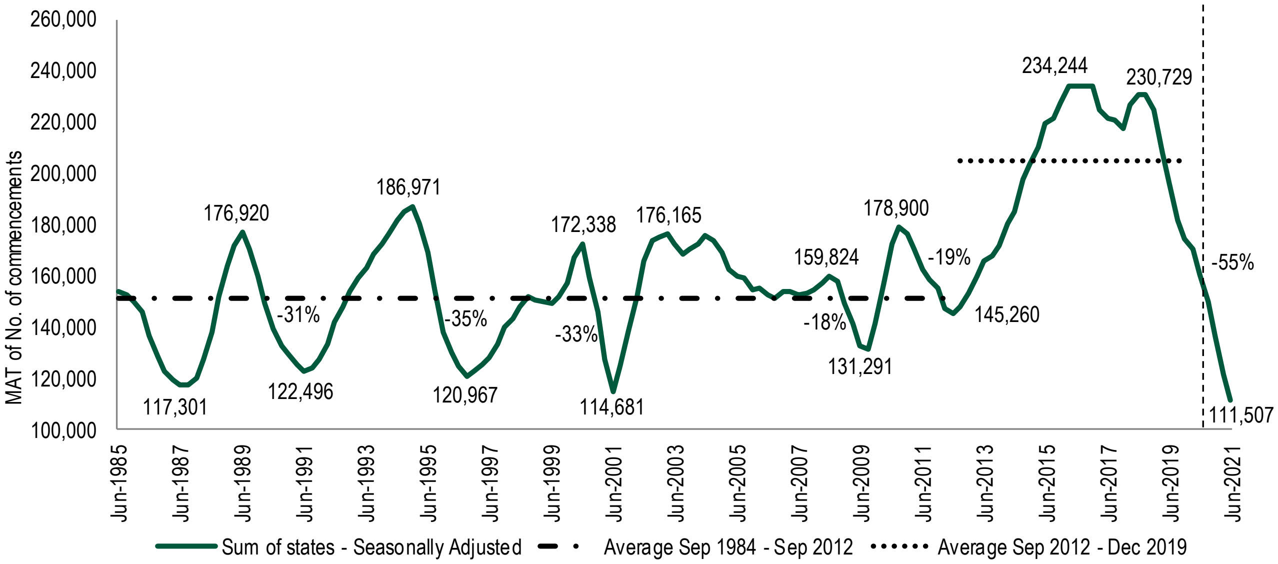
This would see the level of starts in the December quarter drop to around 28,000 which is lower than was experienced during the 1990s recession.

With the caveat that there is a high degree of uncertainty around the outlook, the disruption to migration and the elevated rate of unemployment will weigh heavily on demand for residential building beyond 2020. In financial year terms, dwelling starts in the 2019/20 are now expected to be down by 18.3 per cent compared with 2018/19, and starts are forecast to decline by a further 30.5 per cent in 2020/21.

If this transpires, the commencement of new homes will have fallen nearly 43 per cent from last year, to next.

Dwelling Commencements / HIA Forecasts - Australia

Source: ABS 8752 Qtr, HIA



HIA FORECASTS

DWELLING COMMENCEMENTS

By Geordan Murray

- Our previous Outlook publication in February projected the bottom of the credit-squeeze-induced downturn to occur in April 2020, before the market stabilised over the remainder of the year.
- Nationally, dwelling starts are forecast to decline by 13 per cent in the June quarter and this decline will accelerate into the second half of the year.
- In financial-year terms, dwelling starts in 2019/20 are now expected to be down by 18.3 per cent compared with 2018/19, and starts are forecast to decline by a further 30.5 per cent in 2020/21.

Many aspects of property cycles that were first described in the 1800s can still be observed today. Most descriptions throughout the generations include some form of 'manic' phase when the market has an inflated expectation about future demand. The mania leads to elevated levels of construction and eventually an over-supplied market. A bust and a period of capitulation then ensues. There are exceptions to the way cycles progress, particularly when external forces intervene. The Australian property cycle has been interrupted by two external forces: firstly, the regulatory intervention, and secondly the COVID-19 crisis. We are not in a regular property cycle!

Residential building activity never really reached 'manic' proportions because interventions by financial market regulators curtailed building activity back in 2017. Even at the height of the building cycle the volume of activity never suggested that the market had unrealistic expectations of housing demand. The elevated volume of new homes built over the last few years only caught up for the shortage of housing that accumulated over prior years.

At the start of 2018, the supply and demand for housing was as close to balance as it had been for decades. Against a backdrop of stable migration and population growth, the number of starts declined modestly at the end of 2017. This cooling from record high levels accelerated in 2018 as a bank-induced credit squeeze forced the sharpest downturn in the market since the introduction of the GST.

The halt to immigration in 2020 means that Australia's population growth will fall woefully short of the weakest of forecasts all the while completion of new homes, particularly apartments, remain high.

There is a very real risk that Australia will have a surplus of housing over the next few years.

The Australian Treasury has provided a guidance that net overseas migration in the next financial year is expected to drop to around 85 per cent below the level recorded in 2018/19. This could see Australia's population growth rate drop to around 0.5 per cent per annum.

In terms of numbers, this means by mid-2022 Australia's population will be around 275,000 less than it would have been if net overseas migration remained steady at 2018/19 levels. It is also necessary to add to this, the loss of the large temporary resident population, including students, who were mainly located in east coast capitals.

If Australia's population growth rate drops to around 0.5 per cent, the implied demand for new home building will drop to around 70,000 homes per annum. This level of demand could be satisfied simply by completing the dwellings that are already under construction. Fortunately, demographic demand is not a perfect predictor of the volume of residential building that occurs in any single year, but when viewed in this context the scale of disruption to housing demand is very clear.

This guidance on the likely trajectory of migration conveys the view that Australia's borders are unlikely to reopen to migrants (or travellers) for some time yet. On this basis, the outlook for residential building has been downgraded.

By the time that the scale of Australia's response to the pandemic was evident (mid-March) most of the residential building work that was commencing in the first quarter of 2020 had already begun. We expect that there were around 41,500 starts in the March quarter, which was slightly stronger than the December 2019 quarter. Leading indicators suggest a sharp deterioration in home building beginning in the second quarter of this year.

The residential building industry was able to continue working throughout the period when physical distancing rules forced many other industries to shut down. The shut-down of other industries had an indirect impact on home building – households who were scheduled to break-ground on a new home and who were employed in these sectors saw their job security evaporate and with that their willingness to start building their new home. Many builders have been fielding calls from their clients requesting to postpone or cancel their projects.

The previous Outlook publication in February projected the bottom of the credit-squeeze-induced downturn to occur in April 2020, before the market stabilised over the remainder of the year.

Nationally, dwelling starts are forecast to decline by 13 per cent in the June quarter in light of the sudden increase in project cancelations.

One area where the residential building industry was not able to carry on business as usual was on the sales front. Physical distancing rules represented a significant disruption to the operation of display homes and sales offices. There was a marked decline in the volume of new home sales that began in March. The combined impact of project deferrals, cancelations and the drop in sales will lead to a further drop in starts as we progress through the year.

This will compound the decline in demographic demand and the loss of foreign and domestic investors.

Nationally, dwelling starts are forecast to decline by a further 15 per cent in the September 2020 quarter, and by a further 9 per cent in the December quarter. This would see the level of starts in the December quarter drop to around 28,000 homes which is comparable with the weakest quarter on record (the December quarter of 2000 when the introduction of the GST disrupted the flow of activity).

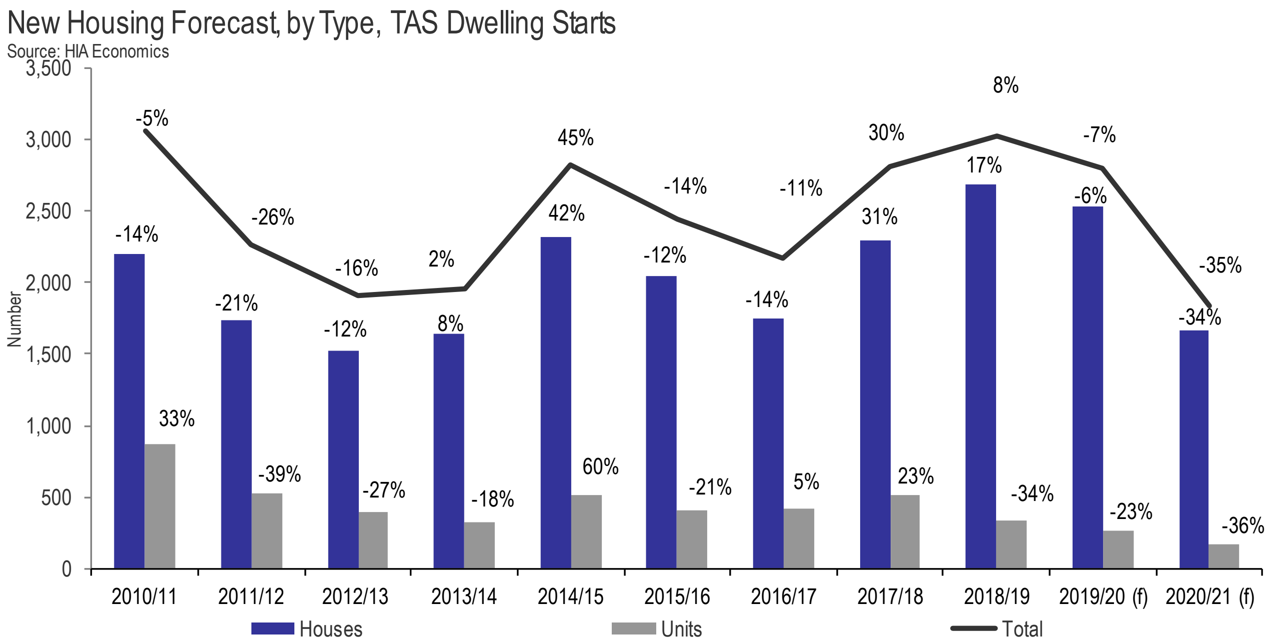
With the caveat that there is a high degree of uncertainty around the longer term outlook, the disruption to migration and the elevated rate of unemployment will weigh heavily on demand for residential building beyond 2020. In financial year terms, dwelling starts in 2019/20 are now expected to be down by 18.3 per cent compared with 2018/19, and starts are forecast to decline by a further 30.5 per cent in 2020/21.

TASMANIA

The most significant adverse impacts of the COVID-19 shock are likely to be observed in areas which have a high dependence on tourism and overseas education – this represents a significant risk for Tasmania. While there may be an up-tick in domestic travel to the tourist hot-spots, it won't make up the halt in international travellers. The decline in tourism will hit the rental market as short term accommodation gets diverted to the long term rental market, placing downward pressure on rental prices. Local employment will also be hit hard. If labour market weakness persists it will be the catalyst for weaker population growth as workers look elsewhere for opportunities.

The strong growth in Tasmania's tourism industry and the associated lift in employment has contributed to a lift in population growth over recent years, driving a boom in home building. A downturn in one of the state's key industries will have a widespread impact on the local economy, including home building.

The number of dwelling starts in Tasmania during 2019/20 is expected to be down by 7.5 per cent compared with the previous year, and starts are forecast to decline by a further 34.5 per cent in 2020/21.



Renovations Activity

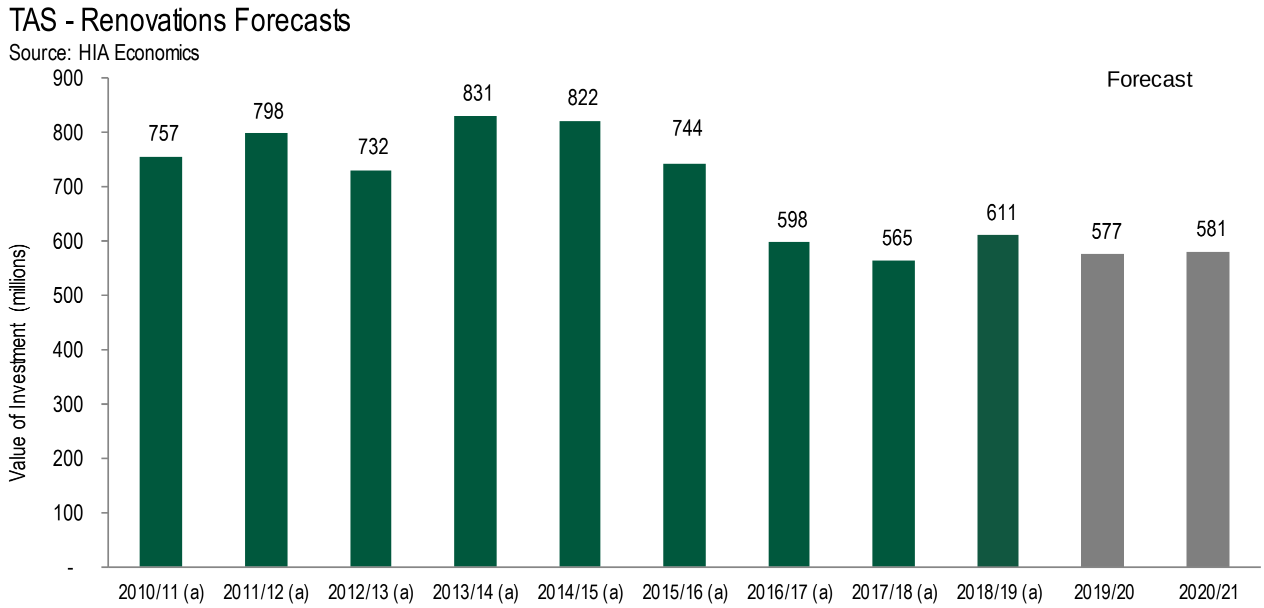
By Geordan Murray

The shock waves are rippling through the renovations market, even if less severely than what is occurring in new home building. As demand for renovations is less dependent on a recovery in population growth, we don't expect the decline in renovations activity to continue over the subsequent years beyond the immediate crisis.

The reduction in the volume of houses being transacted means fewer renovation projects before and after a sale. The rise in unemployment could also see fewer renovations due to constraints on access to finance. Larger renovation projects are likely to be downsized or delayed due to budget constraints and the uncertain and unstable employment outlook. Some of these larger jobs may be substituted for smaller renovations jobs. The reduced demand for larger projects is partially being offset by an increase in the volume of smaller projects. Households in isolation have also found that they have more time on their hands. The time stuck at home has enabled homeowners to coordinate trades to undertake repairs, maintenance or improvements, or undertake DIY projects.

- $32.2 million worth of alterations and additions work was approved in Tasmania during the March 2020 quarter. This is a 10.0 per cent decline from the March 2019 quarter.
- Lending to owner-occupiers for renovations increased by 16.4 per cent during the March 2020 quarter compared to the same quarter in 2019.
- During the December 2019 quarter the value of renovations activity declined by 16.1 per cent to be 16.7 per cent lower than the same quarter last year.

Renovations activity in Tasmania is expected to fall by 5.6 per cent in 2019/20 and remain around that level (up by 0.7 per cent) in the following financial year.



WORLD ECONOMY

Economic shocks

By Tom Devitt

- The oil price shock has already spread to Australia.
- This adds to the existing demand and supply shocks of the COVID-19 crisis.
- The scale of the demand shock, plus limited interest rate ammunition and the potential for ongoing immigration restrictions puts pressure on policymakers to provide further support.

The most recent development from COVID-19 has been **the oil shock**.

There was a significant reduction in demand for oil as national economies shut down, people stopped commuting and the airline industry all but ground to a halt. At the same time the OPEC alliance has fractured. Dialogue between Saudi Arabia and Russia broke down this year when Russia refused to reduce oil production in order to sustain higher prices. This combination of COVID-19 and this geopolitical conflict caused oil prices to plunge.

This oil price fall has already started to affect Australia. We have seen a significant fall in coal prices down to 2015 levels. This is likely only a short-term shock until manufacturing capacity increases across the globe. In the longer term, this oil shock could cause the delay of investment in future LNG projects in Australia – over $80 billion in Australian LNG investment decisions have already been delayed and hundreds of oil and gas workers have already been laid off or stood down.

LNG has been a major source of export income growth recently. Over the past 19 months, the export of ‘other mineral fuels’ (which includes LNG) has averaged over $5.1 billion per month, compared to less than $1.9 billion just two years earlier. Combined with ‘metal ores and minerals’, ‘coal, coke and briquettes’ and to a lesser extent ‘travel services’, these exports have driven record trade surpluses in Australia in the last two years. Bad news in any one of these sectors is bad news for Australia.

This adds to the two other shocks imposed by COVID-19 that are often referred to by economists: **demand shocks**, where there is a significant reduction in the amount of goods and services that households, businesses and governments are buying; and **supply shocks**, where there is a significant reduction in the amount of goods and services that the economy is able to produce.

COVID-19 has characteristics of both, but the demand shock is likely to dominate – and this has significant implications for how Australia needs to respond, and how our economy is likely to perform over the medium term.

The demand shock imposed by COVID-19 on the global economy has been two-fold, significant and synchronised across the world.

First, governments engineered a deliberate shut down of ‘non-essential’ sectors of their economies, including retail and hospitality services like restaurants, bars, shopping centres, entertainment and recreation, as well as international travel services. In Australia, this accounts for around 20 per cent of the economy. This means spending in these sectors simply cannot occur – they’re closed. This shock first hit Australia in February when China – our number one buyer of education services and tourism experiences – quarantined hundreds of millions of their own people and drastically curtailed immigration.

Second, millions of people have been made unemployed – even with various government efforts to keep workers attached to their places of employment (even if they’re just isolated at home and not actually working). Nor are these just workers in the industries that have been shut down – unemployment has the potential to spread far into the rest of the economy, given the interconnectedness of all our lives. This means it’s not just the mandated shutdowns that have prevented spending from happening. Newly unemployed workers with no regular income or significant savings wouldn’t be able to spend like normal even if these sectors were still open, and not just in the closed sectors, but everywhere else they are able to pinch a few more pennies during this difficult time.

The **supply shock** to the global economy, while occurring first, is likely to be less significant.

The first phase of this shock occurred in February when China shut down two-thirds of its economy. China is the world’s ‘great assembler’ and this first shock is still rippling through manufacturing supply chains across the world. Even China’s production and supply chains for its domestic market weren’t guaranteed to remain fully operational.

Product shortages around the world nonetheless seemed to have been relatively short lived or at least contained to individual products and sectors. Construction activity continues, food is still being produced, transport and logistics operations still deliver goods across countries, ports still allow for exports and imports, manufacturing of key products endures.

Even the significant loss of productive capacity from the quarantining and dis-employing of national labour forces – the US lost 22 million jobs in just four weeks – has been largely offset by the above demand shock.

There is a chance that some economies may also take this pandemic as a reason to reinvest in their own domestic supply chains (or at least diversify their international supply chains), including in manufacturing, so as to become more resilient to such supply shocks in the future. The risk emerges if they decide to do this through tariff duties on imported product and we see a contraction in international trade.

Outlook:

It is important to understand the COVID-19 related **demand and supply shocks and the recent oil price shock** – and to know how to respond – because these shocks (and our response) will shape the outlook for Australia's economy.

Given the scale of the demand and oil shocks relative to the supply shock, Australia and the world is at a much greater risk of a deflationary rather than an inflationary outcome. Add to this the fact that interest rates around the world were already low before being dropped in response to COVID-19, and the job for policy makers to get the economy whirring again is even harder.

This is a peculiar situation where governments spending more will not only help their economies, but also generate more taxation revenue and actually improve their longer term budget situations, compared to if they engage in spending cuts. It is a rare reality where vice is virtue and virtue is vice – being 'austere' can actually worsen the situation and being 'profligate' can actually help. It means that of all concerns facing government right now, short term debt should not be at the top of the list.

This need for government action is reinforced by the fact that Australia's medium term future depends not just on our own circumstances but also the rest of the world. Even if we are able to effectively 'manage' the pandemic and open up our industries again in the short term, international travel is likely to remain restricted for a prolonged period. In the meantime, this will require significant support from policy makers.

COVID-19 has presented a twin crisis that goes to governments' very reason for being. Governments have mapped out how to protect the lives of their citizens. The challenge now is to protect their livelihoods.

INTEREST RATES

RBA pulls out the big guns

By Tom Devitt

- The RBA has dropped the cash rate and unleashed quantitative easing.
- This is part of a broad package to reduce borrowing costs for households and businesses for at least the next few years.
- International experience suggests this can effectively stabilise financial markets and hold down borrowing costs without triggering inflation.

The outbreak of COVID-19 has forced the RBA to take unprecedented steps to help ‘build a bridge’ to the other side of the pandemic. In March it announced a broad package of measures, including – in the post-GFC footsteps of the US, the EU, the UK and Japan – quantitative easing.

All of these measures – listed below – are aimed at lowering funding costs for the financial sector and supporting its continuing smooth operation. They also aim to ensure low borrowing costs and ample credit available for all households and businesses who need it – not just the ‘highest quality’ borrowers. This includes small and medium-sized businesses that will find the next few months particularly challenging in terms of declining sales and temptations to shed staff.

Importantly, the RBA is also setting the conditions needed for a swift recovery once the pandemic is contained and business returns to normal.

1. **Cash rate at 0.25 per cent**. The RBA’s official cash rate has been dropped to 0.25 per cent – the lowest it has ever been in Australia and the effective lower bound. They don’t expect to start lifting interest rates for at least three years. Now that this tool has been exhausted (given the RBA’s revealed distaste for negative interest rates) and cannot be used further to stimulate the economy, other ‘non-conventional’ monetary policy mechanisms are being utilised.
2. **Bond Rate at 0.25 per cent**: The RBA is targeting a 0.25 per cent rate for 3-year Australian government bonds in addition to the above cash rate. The RBA prefers to call this ‘yield curve targeting’ rather than ‘quantitative easing’, as they have committed to buying as many bonds of whatever maturity as is necessary to achieve a 0.25 per cent rate for the bonds (from around 0.45 per cent previously). This compares to other central banks during the GFC that announced a certain quantity of bonds they would purchase, in the hope it would suppress bond rates.
3. **Small business lending**: A term funding facility has been created for the banking system, with particular support for credit to small and medium-sized businesses. This is a three-year facility that will be provided to banks at a fixed rate of 0.25 per cent for at least $90 billion. Lenders will be able to obtain funds initially up to 3 per cent of their existing outstanding credit – more if they increase lending to business, especially small and medium sized businesses. The Government is complementing this by supporting small and non-bank lenders with a further $15 billion, and APRA is allowing banks to draw down on their capital buffers to maintain ongoing lending activity.
4. **Exchange settlement accounts**: The above measures would have driven the return Australian banks are able to earn on their accounts with the RBA to a flat zero (0.25 per cent below the going cash rate) while still having to pay 0.5 per cent to borrow from these accounts. Given the way bank margins would be squeezed further by all the above measures, the RBA deemed it appropriate to offer them a 0.1 per cent return instead of zero.

Australia is in the fortunate position of having seen other countries use quantitative easing and consequently, what form is most effective. The evidence suggests these first-mover countries experienced some success.

International evidence – including from the US, the EU, the UK and Japan, explored below – does support quantitative easing and forward guidance as effective ways to stabilise financial markets and suppress borrowing costs across the economy in extreme circumstances. These measures were adopted without driving these countries into dangerous inflationary territory – rather insufficient inflation has been more of an issue in the 2010s and is Australia’s greatest economic challenge in 2021.

The RBA’s unconventional tools are consequently expected to have a similar impact – lowering borrowing costs, stabilising financial markets and helping to bring as many households and businesses as possible across the ‘bridge’ to the other side of the pandemic.

In the longer term, there is a risk that the miscalibration of these tools may once again unleash the 'inflationary' dragon. It was the cruel combination of high inflation and weak economic growth in the 1970s and 80s that not only caused a deep recession to correct it, but fear of which would also inform policy debate for decades to come.

There were certainly fears in the US during its post-GFC monetary policy experiment that an extended period of quantitative easing and interest rates at the effective lower bound would cause problems down the line. A now-infamous open letter to Chairman Ben Bernanke and the Federal Reserve, signed by several prominent economists, warned these actions would debase the US dollar and trigger uncontrolled inflation – it didn't.

At this point in this cycle, and given all this historical evidence, the risks of the RBA's current course of action are rightly focused on the risk of a deflationary spiral.

The risk that quantitative easing and the effective lower bound will not only overstimulate inflation, but will do so at such speed and to such an extent that policy makers won't be able to address it before disaster strikes, is very low. A small overshoot in inflation could even be a welcome reprieve from recent performance.

On the other hand, the risks that insufficient policy support will send us into a decade of deflation, depression, and human hardship, are clear and present.

These risks should reinforce the need for the RBA to do its utmost to carry Australia to the other side of this pandemic and set the scene for a swift and full recovery.

In **the EU**, the real turmoil began later as their sovereign debt crisis unfolded. Several southern European countries – such as Greece, Ireland, Portugal, Italy and Spain – found themselves in severe economic distress and being punished by the bond markets with extremely high borrowing rates. The European Central Bank made some mistakes that didn't help their economy over the past decade. They increased interest rates in 2008 in response to inflationary concerns even though the GFC had already started unfolding, only to quickly realise their mistake and drop rates from 4.25 per cent to 1 per cent by early 2009. Then again in 2011, they attempted to normalise interest rates in the face of persistently high unemployment. Between mid-2011 and mid-2012, Greek 10-year bonds reached rates of almost 40 per cent, Ireland over 14 per cent, 11 per cent in Portugal and over 7 per cent in Italy and Spain.

The ECB then committed to sustained monetary easing to stabilise the EU and bring down borrowing costs for its most troubled members. One of the ECB's key short term rates was brought to zero by mid-2012, and then into negative territory in mid-2014. Quantitative easing was deployed in early 2015. The most significant turning point, though, was a speech by the head of the ECB, Mario Draghi in July 2012 where he committed to doing "whatever it takes" to preserve the euro. These incredibly powerful words, combined with actual policy easing, saw bond rates in all of the above countries fall below 2 per cent by 2018 or sooner. By this point, the ECB had expanded its balance sheet from a little over 2 trillion Euros to almost 5 trillion Euros. Moreover the EU still stands. This shows the power not only of the ECB's active policy, but also Draghi's forward guidance as to the direction of future policy.

The **UK and Japan** also employed quantitative easing in response to the GFC. By March 2009, the Bank of England had dropped interest rates from almost 6 per cent to just 0.5 per cent and between 2009 and 2016, had expanded their balance sheet from around 100 billion pounds to almost 600 billion pounds. This saw 10-year bond rates fall from over 5 per cent to 3-4 per cent until around mid-2011, then further down to 1.5-3 per cent until 2016, and even lower for most of the last four years. The announcement of quantitative easing by the Bank of England alone is estimated to have reduced interest rates by up to 100 basis points. The Bank of Japan also purchased almost 187 trillion yen in assets between 2009 and 2012, lowering Japanese interest rates by an estimated 50 basis points.

Domestic Conditions

By Geordan Murray, Angela Lillicrap, Tom Devitt

- Treasury's 'V-shaped' recovery could avoid a recession this year, but it will take 3 to 5 years for the economy to return to the level of wealth experienced in February.
- The Unemployment rate will not reflect true employment conditions in Australia for much of this year and we need to look at alternative measures of employment, such as weekly wages provided via 'Single Touch Payroll'.
- The drop in migration will contribute to a considerable slowing in population growth, and when combined with the deterioration in the labour force, there will be a considerable drop in household consumption.

The 'V-shaped' Recovery

The Reserve Bank of Australia is predicting economic activity in Australia will contract by around 10 per cent in the first half of 2020, and that this will be partially corrected in the second half of the year as the stimulatory effect of the economic support measures kick in. Policy makers have sought to orchestrate a 'V-shaped recovery', where we have a short sharp contraction economic activity followed by an equally rapid recovery in the aftermath.

The structure of the stimulus measures mean that the vast majority of the funding provided through government support programs only becomes available to businesses after June. This means that spending during the June quarter will be very lean, but will rebound in the September quarter. It is hoped that this boost in the September quarter is a jump-start for the economy. With the assistance of Government support programs, such as JobKeeper, the September quarter of economic growth is likely to be the strongest for many years.

Due to this sharp contraction in June, and rapid acceleration in September, Australia is unlikely to see two quarters of negative economic growth in 2020.

Even with this V-shaped recovery from the June to September quarters this year, it could take several years before GDP returns to pre-COVID levels as the growth in the September quarter will still be dwarfed by the contraction that occurs in the June Quarter.

The sectors of the economy that have taken the biggest hits from the COVID disruption can be easily identified (i.e. tourism, hospitality, live entertainment etc.), but no sector is immune. The various sectors of the economy interact. The disruption in one sector causes spill-overs to, and responds to spillbacks from, other sectors. Adding further complexity, the timing that each sector experiences the fallout are not synchronised. For example, demand within the tourism industry dropped immediately as travel restrictions were imposed, whereas building work has been allowed to continue.

While building work has continued, the shock to domestic economic conditions has seen a drop in new home sales which will see home building activity drop away as we progress through the year.

The interruption to migration will have longer lasting effects on demand for new homes, and there is no certainty about when Australia will reopen its boarders and what the flow of migration will look like in the aftermath of the crisis. The halt to migration represents a significant disruption to the demand for housing and the impact could persist well beyond the point at which Australia reopens its borders.

JobKeeper

The JobKeeper program aims to maintain connections between employers and their workforce, in the hope that once the worst of the crisis has passed people will be able to quickly return to work. The unique circumstances of this crisis means the deterioration in the labour market is not fully reflected in the conventional labour force figures.

From an economic perspective, JobKeeper plays two critical roles through the next six months. In the initial three months, it provides wage assistance to those businesses directly impacted by the restrictions. This is very important for the home building sector as it mitigates the decline in demand for new homes and greatly assists in holding aggregate demand higher than otherwise would be the case.

Once the economy restarts, JobKeeper plays a different role. For many businesses pent-up demand for their services cannot exist. For example, denying the opportunity to visit a cinema can be satisfied with one visit to a cinema. When they are able to re-open, there won't be pent-up demand for their services and as a result they will never recover the loss in sales from the shutdown period. JobKeeper maintains a wage support through this period of time to assist businesses re-establish even after they are able to operate - perhaps in a constrained manner - and engage staff on a commercial basis.

The home building sector has limited access to the JobKeeper program due to the receipt of ongoing progress payments on homes that commenced construction before March. As it takes 7 to 9 months to complete a detached house project, a builder will receive ongoing payments throughout the duration of the JobKeeper program. More broadly, the slowdown in new home building will not be fully revealed until the December quarter.

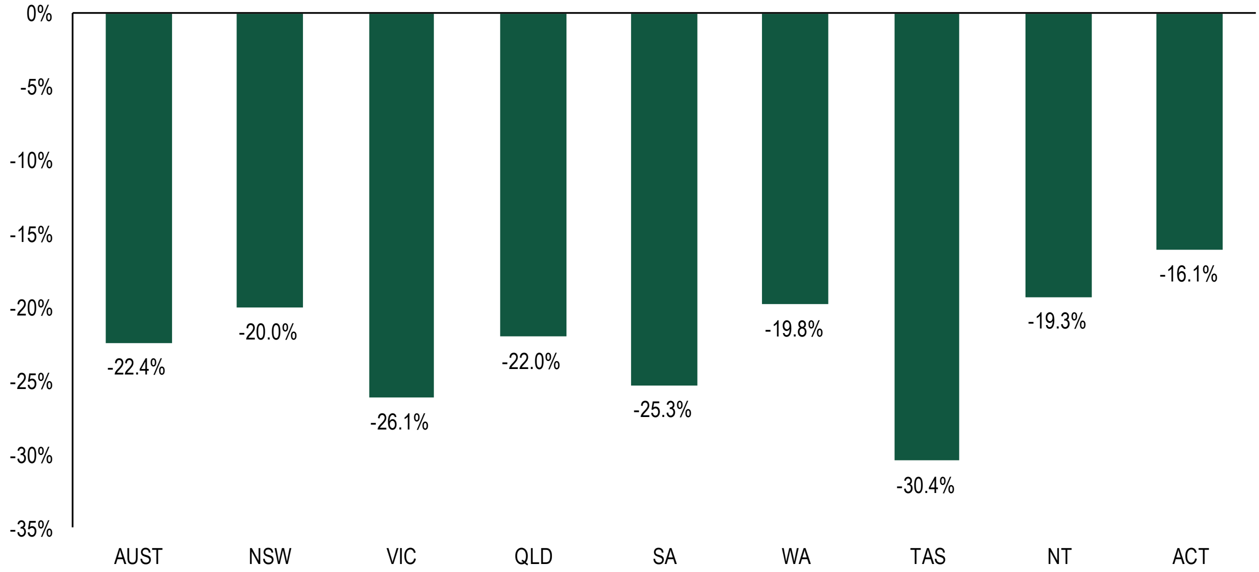
Home building has played an important role in driving the national economy over the past five years and in economic recovery (*Australian Government Housing Initiatives over the Decades*). The nature of these measures are typically focused on empowering the consumer to stimulate demand and accelerate aggregate demand. The JobKeeper program may be very successful in maintaining the relationship between employers and their staff and at supporting workers in directly-affected industries, but it is not likely to be effective in stimulating economic activity due to the indirect connection with consumers.

Another possible benefit from JobKeeper is the reliance on Single Touch Payroll (STP) real-time reporting system administered by the Australian Tax Office.

With conventional unemployment figures no longer providing a reliable insight into conditions in the labour market, broader labour market indicators, including STP data, are especially valuable in illustrating the magnitude of the shock. There was a significant drop in job vacancies recorded in March, down by 22.4 per cent nationally as employers stopped advertising vacancies.

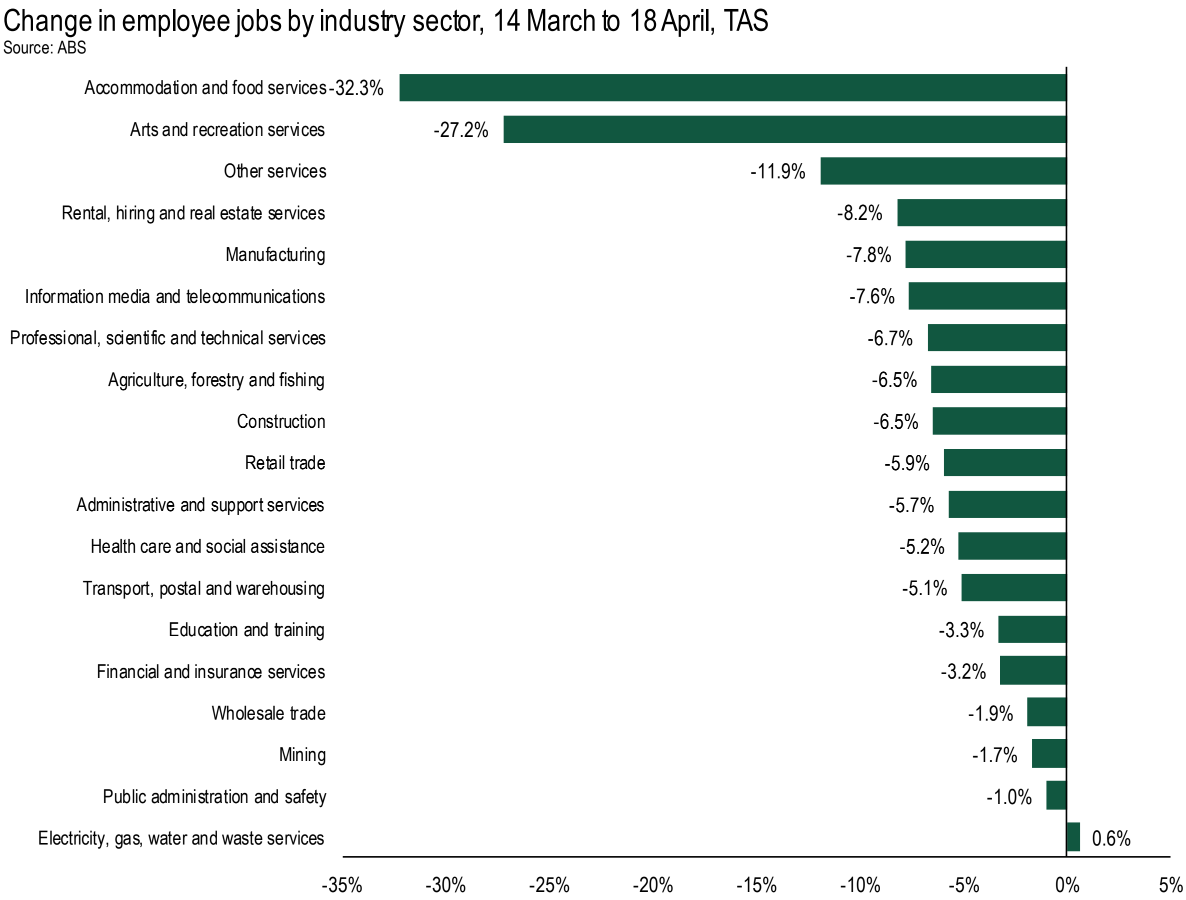
Job vacancies, % change in March 2020

Source: Australian Government



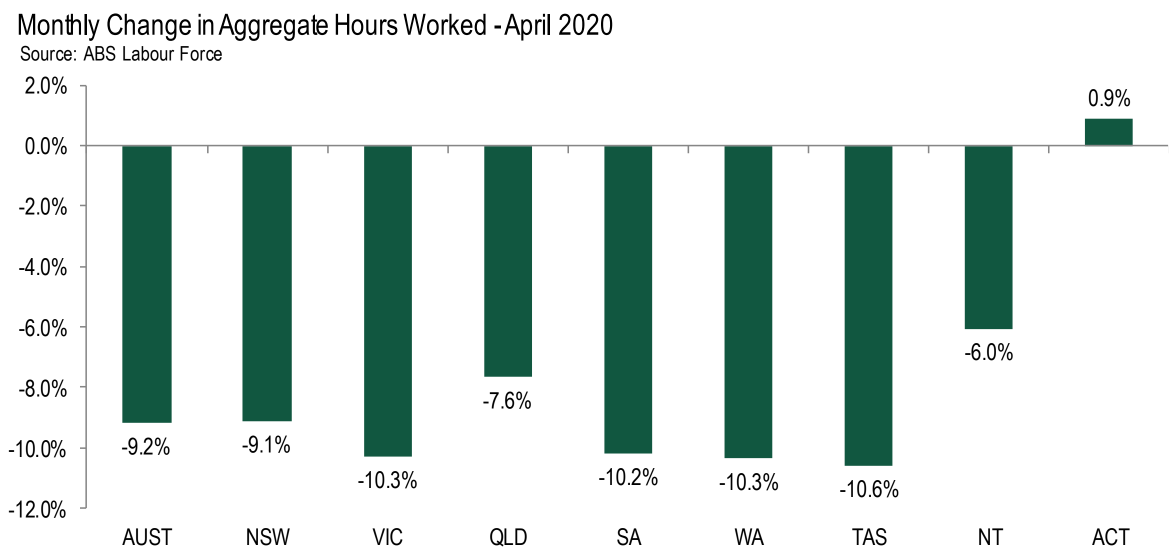
ABS payroll and wages data between 14 March and 18 April reinforces this deterioration. The number of employed workers fell by 7.5 per cent over this period and the total value of wages paid to employees fell by 8.2 per cent.

Payroll data for Tasmania shows that the number of employees fell by 8.0 per cent and aggregate wages paid fell by 9.3 per cent between mid-March and mid-April. A decline in employment in construction was recorded despite the industry remaining open although the drop in employment in Accommodation and food services and Arts and recreation services was far larger. The Electricity, gas, water and waste services was the only industry not to see a decline in employment.



The conventional labour market data took a little longer to reflect the deterioration in conditions. The Labour Force figures for April showed that the unemployment rate jumped from 5.2 to 6.2 per cent. Almost 600,000 people lost their jobs and almost 500,000 stopped looking for work entirely. Underemployment jumped from 8.8 to 13.7 per cent. The number of hours worked across the country also fell by 9.2 per cent – the biggest monthly drop since records began in 1978. Hours worked by part-time workers was hit particularly hard, where it fell by 22.8 per cent.

Tasmania's labour market had been strengthening over recent years and the state's unemployment rate dropped below 5.0 per cent in February and March. Unfortunately, the Apple Isle suffered the worst deterioration in labour market conditions in April, with the unemployment rate increasing by 1.3 percentage points to 6.2 per cent. Underemployment also increased from 12.0 to 16.8 per cent, to remain the highest in the nation. Tasmania also suffered the worst deterioration in hours worked, down by 10.6 per cent for the month.



Overseas Migration

During times of high unemployment the suppressed ideological divide on Australia's migration policies inevitably flare. This debate is already showing signs of heating up and it is likely to intensify. Many will question why it is necessary to attract workers from overseas if local workers are unemployed. Others will point to the benefits that skilled migration brings, including the contribution to lifting productivity.

The purpose of the skilled migration pathway is to fill any short to medium term mismatch in the availability and demand for workers with specific skills. If labour market conditions deteriorate it is likely that some skill shortages will no longer exist in the post-COVID economy. This is increasingly evident in the home building industry where skilled trades were in abundance in March 2020, for the first time since 2013.

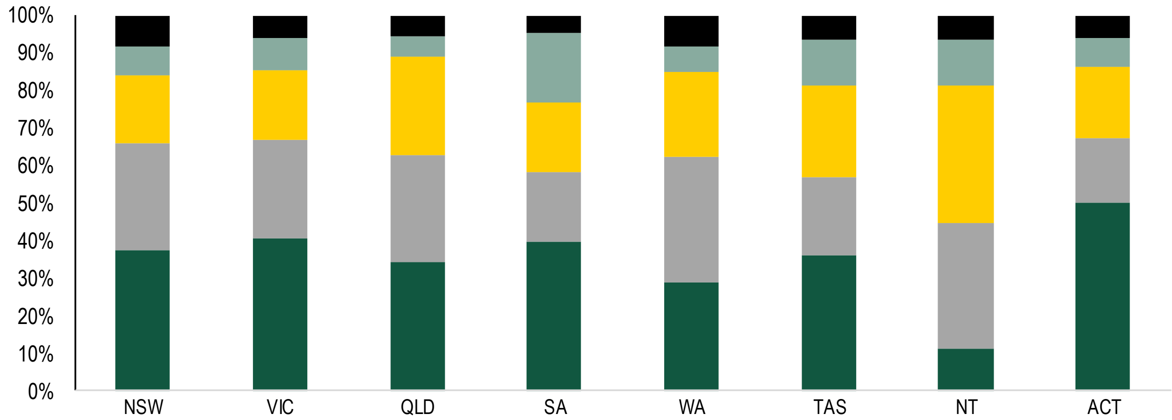
In this situation, it is less likely that an employer would go to the extra effort and incur the additional cost of recruiting workers from overseas. There are many roles that are in structural rather than cyclical shortage that are likely to remain in shortage even if aggregate unemployment remains elevated. For example, having been saved from the perils of COVID-19, baby-boomers will continue to age gracefully and will inevitably have demands from the healthcare system. The skilled health and medical workers required to meet this demand is not likely to be fulfilled entirely by local workers and attracting skilled workers from overseas will remain important.

In the years that followed the GFC the resilience of the Australian economy (and the spike in the value of the A$) meant that Australia was a very attractive destination for overseas workers when compared with other western countries. Over recent years, the attractiveness of Australia was fading as the US economy returned to strength and major European economies emerged from the post-GFC slump.

In this crisis, Australia looks to again by sailing through better than others. While the economic impact of the COVID-19 crisis is yet to unfold, based on management of the pandemic itself Australia must appear an attractive place to live and work or study.

Share of Overseas Migration by Visa Type, 2018-19

Source: ABS



	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Temporary work	13,470	9,020	4,110	1,060	3,080	310	300	450
Permanent work	12,780	12,460	4,080	3,990	2,570	600	570	590
Other	29,450	26,740	19,720	4,010	8,580	1,180	1,690	1,460
Visitor	47,100	38,390	21,680	4,120	12,540	1,030	1,530	1,320
Education	61,760	59,660	25,750	8,650	10,980	1,750	530	3,850

It is worthwhile noting that skilled migration accounts for a relatively small share of overseas arrivals, particularly compared with the number of overseas students. There are several pathways for skilled migration but one of the most important ones comes via the integration with Australia's tertiary and vocational education system. Overseas students graduating from Australian education institutions find employment in Australia and transition from student visas to temporary working visas, then to permanent residency visas, and many eventually qualify for Australian citizenship. This pathway has been a reliable contributor to Australia's population growth for many years.

Restrictions on international travel in early 2020 have dealt a significant blow to the education sector. In February this year there were over 625,000 overseas students enrolled in Australian education institutions. While some were able to arrive and undertake a 14-day quarantine, many were unable to reach our shores in time to commence semester one. Resumption in semester two looks unlikely so the question now is whether these students will be able to come to Australia to study in 2021, and whether demand will match the level that were set to arrive in 2020.

Overseas arrivals data through to March 2020 provides an early insight into just how large the shock will be. This data covers the period where there were restrictions on travellers arriving from China in February and the beginning of the border closure to all non-citizens in mid-March.

In Tasmania, there were 970 fewer international student arrivals in February and March this year compared to the same two months in 2019, which is a 27.2 per cent decline. There was also a 37.7 per cent reduction in short-term visitors to Tasmania arriving from overseas in in February and March 2020 compared to the same time last year. This is a significant change as the number of short-term visitor arrivals to the state has been trending upwards in the last couple of years.

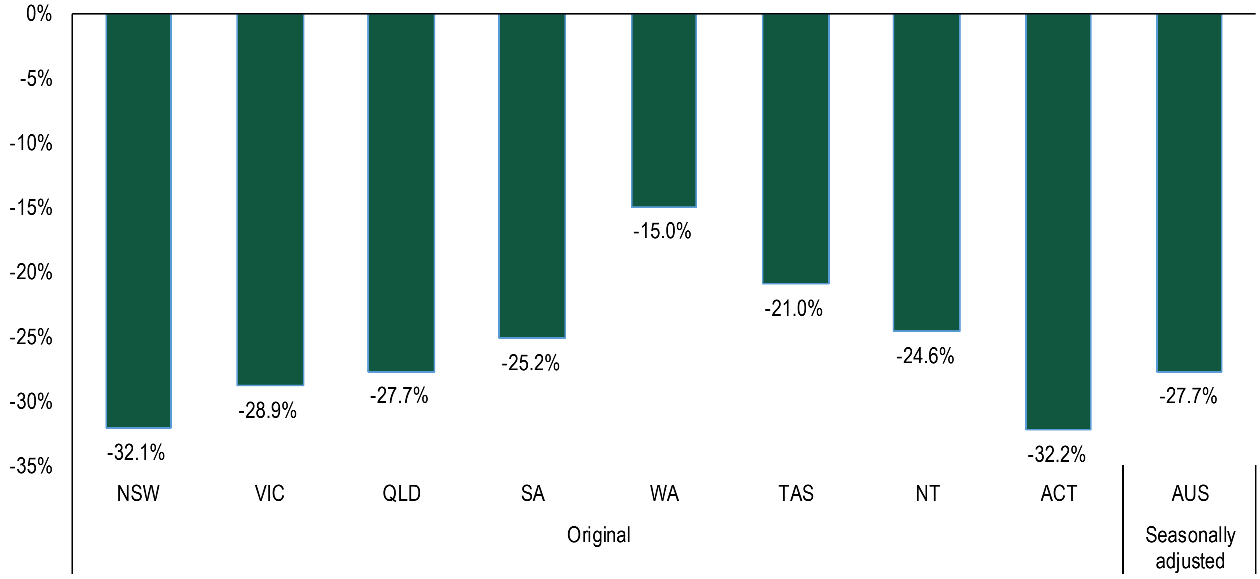
With all types of overseas migration grinding to a halt, the drop in population growth has left a void in domestic demand. This has been immediately evident in lost spending on retail, travel, education and accommodation. Many international students reside in specific student accommodation, but overseas students generate substantial demand for private rental accommodation. It is very unlikely that migration will resume at the pre-COVID levels after Australia reopens the borders to international arrivals.

The drop in migration will contribute to a considerable slowing in population growth, and when combined with the deterioration in the labour force, there will be a considerable drop in household consumption. As restrictions are lifted some pent-up demand from those who remain employed will see spending rebound. However, the large number of people who are left unemployed will remain income constrained, most acutely so after the additional income support programs expire.

Government programs announced to date will ensure that economic activity takes a hit in the June quarter and rebounds in the September quarter, but the task of restoring economic activity to pre-COVID levels will be a long one. The weakened household sector will be a substantial headwind for economic growth, which may persist for several years. If the economic recovery is to continue beyond the September quarter of 2020, it is likely that the already-announced policy measures may need to be extended or new government programs announced to take their place. Governments will have a significant role in supporting economic growth for some time yet.

Short term visitors arriving, by jurisdiction, Mar-19 qtr to Mar-20 qtr

Source: ABS



THE HOUSING AND RESIDENTIAL BUILDING SECTORS

SETTING THE SCENE: RESIDENTIAL CONSTRUCTION IN THE COVID-19 CRISIS

By Diwa Hopkins

- The initial shock to supply chains resulting from the lockdown in China at the beginning of the year had little impact on the industry.
- The next shock - the sudden fall in consumer sentiment in the final week of March has already hit demand.
- The third-order shock to demand is from the hit to population growth – the virtual halt in net overseas migration.

Three shocks from the COVID-19 crisis are making waves in the residential construction sector.

The initial shock was to supply chains resulting from the lockdown in China at the beginning of the year. This had little impact on the industry. Constraints on the supply of materials were minimal as the majority of building supplies are manufactured domestically. Some niche products were in limited supply but domestic stocks were adequate to ensure that minimal product substitution was necessary.

The next shock has hit demand. This occurred in the final weeks of March – and is a result of the sudden fall in consumer sentiment alongside widespread unemployment as the economy was impaired. The purchase of a new home is a major life decision and consumers only make this decision if they feel confident in their employment.

Leading indicators have started to show the effects of this drop in confidence. Already, projects are being cancelled. It is the timing of this shock – in relation to the overall building cycle – that makes it especially potent. It has hit the industry when activity had already been declining for nearly two years, following the record building boom of 2014-2018.

Overall onsite work under construction was already shrinking. Throughout 2019 fewer homes were commencing construction than the still-large number that were being completed (the long tail of the 2014-2018 boom). The latest hit to demand (including cancellations) will intensify this situation and result in recessionary levels of building by the final quarter of 2020.

Even if domestic non-essential economic activity is fully resumed in early July, there will still be a third-order shock to new housing demand is through population growth, principally from a virtual halt in overseas migration. This shock will hit multi-unit (namely apartment) construction first, before weighing on household consumption and detached home building over the next few years.

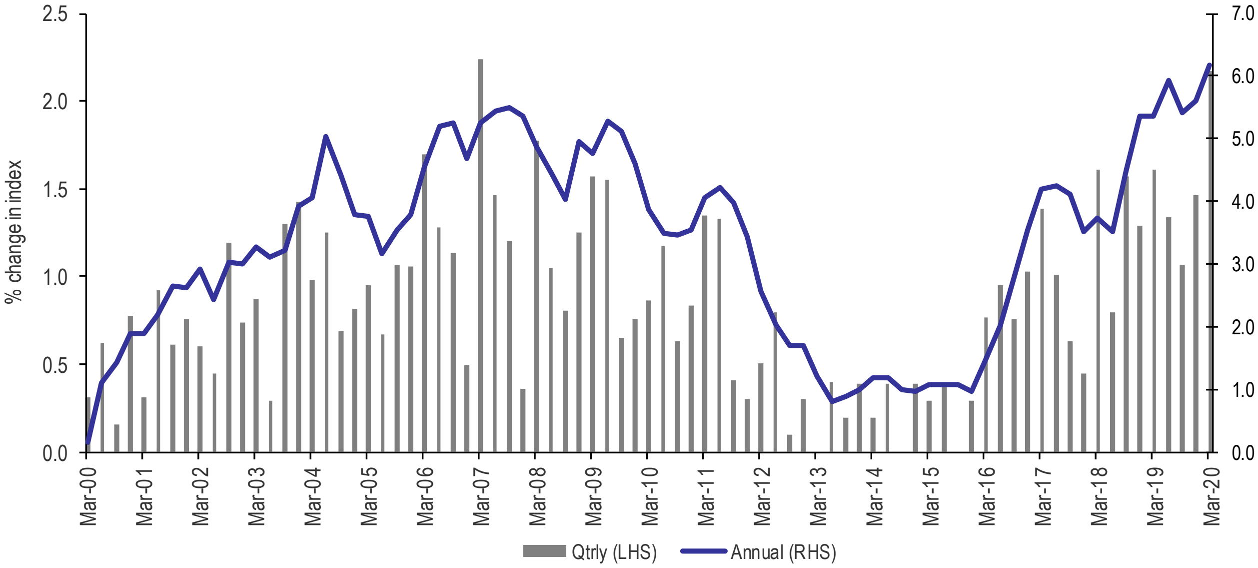
Rental Markets

By Angela Lillicrap

- The rental market in Hobart was tightening prior to COVID-19 with the new housing stock entering the market was unable to keep up with the population growth in the state.
- Demand for rental accommodation is falling on multiple fronts (predominantly due to the disruption in migration) putting downward pressure on rental prices.
- The disruption to migration will continue to be an issue for the rental market well after the pandemic has subsided and travel bans are lifted.

CPI Rental Growth – Hobart

Source: ABS 6401



Prior to COVID-19, the rental market in Hobart was tight with the vacancy rate sitting at 0.8 per cent in March 2020, and rental prices shooting up. Rental prices in Hobart jumped by 6.2 per cent in the year to March 2020, well above the rate of inflation. Over just a few years, Hobart has gone from the most affordable capital city in which to rent a house, to the fourth most expensive market behind Sydney, Canberra and Darwin.

The onset of COVID-19 occurred at a time when the new housing stock entering the market was unable to keep up with the population growth in the state, causing property prices and rental prices to increase.

Demand for rental accommodation is falling on multiple fronts:

1. Through international education and tourism. With international students now unable to travel to and stay in the state and all tourism shut down, this is dramatically reducing demand for both short and long term rental accommodation;
2. Through a halt in the flow of overseas migrant workers, who are also unable to travel to and work in the state, and;
3. Tenants choosing to move back in with family and friends due to employment uncertainties will further compound the fall in demand for rental accommodation.

The downwards pressure on prices is also occurring from the supply side. More rentals are coming online. Short-term accommodation suppliers, such as those on the Airbnb platform, are diverting their properties to the long-term residential market in response to the drying up of demand from tourists.

The shock to the rental market may be a blessing in disguise for Hobart as it will reduce competition for those looking to secure a lease which will help to keep a lid on the skyrocketing rental prices.

The disruption to migration will continue to be an issue for the rental market well after the pandemic has subsided and travel bans are lifted. The economic fallout in countries around the world will weigh heavily on international travel and migration, and in turn, our domestic rental markets.

Dwelling Prices

By Angela Lillicrap, Tom Devitt

- Falling transaction volumes in the housing market during the COVID-19 pandemic will limit price discovery – reported dwelling prices won't reflect market values.
- Data available up until the end of April shows transaction volumes have already declined to the lowest level in 30 years.
- House prices can reflect underlying sentiment of home buyers but they rarely reflect the strength or weaknesses in the wider economy.

No Price Discovery

House prices can be a good indicator of consumer sentiment and for that reason they are usually relevant to the outlook for new home building. This year they will be of little use.

So long as the volume of transactions in the housing market is low, house prices will not provide price discovery. Data available up until the end of April shows transaction volumes have already declined to their lowest level in 30 years.

The majority of households and investors will not transact in the market if there is too much economic or housing market uncertainty. When confidence is low, the only people selling their property tend to be those forced to sell because of their circumstances. This was observed in the USA after the 'Great Recession' in 2007 where price declines of more than 40 per cent were reported. In some of these areas, the volume of transactions fell to less than 1 per cent of typical volumes. When combined with fewer buyers in the market, this gives the buyers the upper hand when negotiating, which can lead to exaggerated declines in reported prices.

For this reason, rental price data is likely to be a better reflection of changes in underlying market value than home prices for the next couple of years. This is not a suggestion rental prices will fall by less than house prices, simply that there will be more data points to monitor.

Exaggerated though they may be, these declines still have the potential to have real world impacts, with not everyone affected equally.

Groups Protected From Price Falls

Almost a third of occupied private dwellings are owned outright, so they aren't subject to any mortgage serviceability concerns particularly in the unfortunate event of income loss. The next third are owned with a mortgage and many owners will have built up equity from their years paying down their mortgage and/or the larger-than-required deposit laid down at the start. These people are well placed to absorb falls in the value of their homes, avoid financial difficulty and delay any decision to sell until the market returns to normal – if they intended to sell at all.

Overall, borrowers in Australia also have low rates of mortgage arrears, putting them in a strong position heading into this pandemic. Government efforts to help keep employees attached to their employers will also help minimise the number of people who lose their capacity to service mortgages.

Australian banks are also in an unquestionably strong position. Despite navigating the GFC with barely a rise in mortgage delinquency, financial regulators have spent the past decade continuously tightening lending criteria in Australia to an extent that first home buyers with a 10 per cent deposit struggle to gain bank approval.

We are however concerned that falling house prices may constrain access to finance via bank valuations, initially for apartment sales that can be sold off the plan years before construction is completed. Multi-units are also expected to experience larger price declines relative to detached houses, particularly in Sydney and Melbourne, due to the large supply of new apartments entering the market. If dwelling prices fall below the cost of construction, this constraint on access to finance is a risk.

LEADING INDICATORS

By Diwa Hopkins

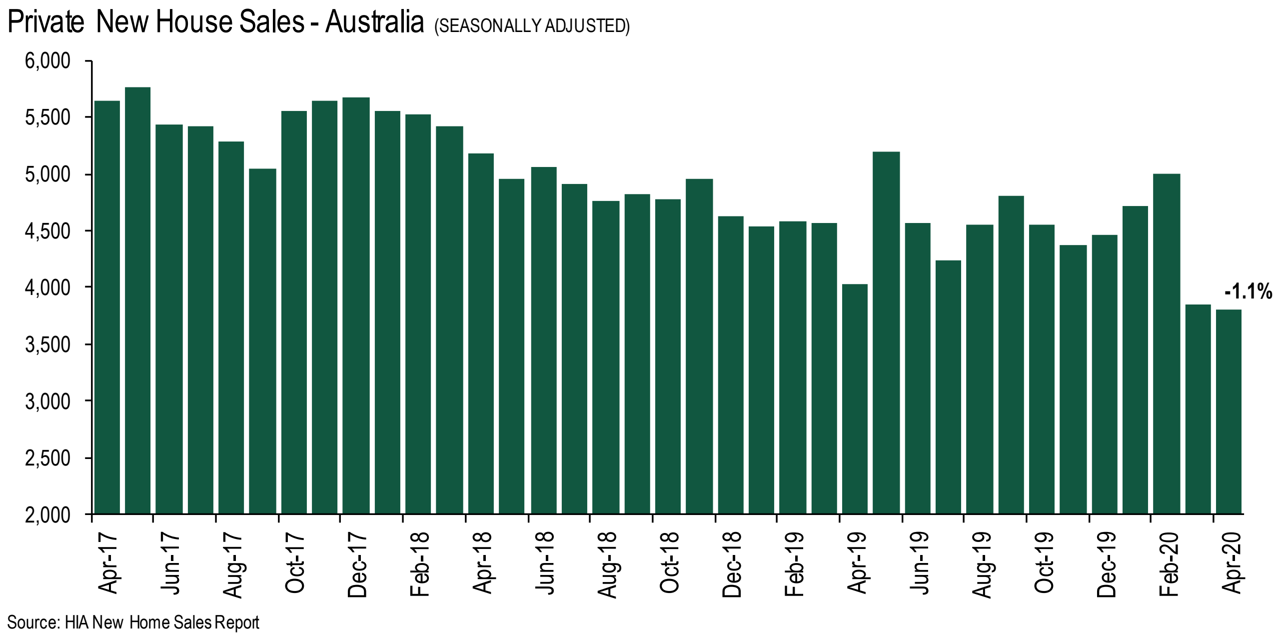
- HIA New Home Sales is the only leading indicator revealing the impact of the crisis on future detached house building work.
- ABS data will start to reveal the shock from June, at the earliest.
- They will eventually show the coming hit to detached vs multi-unit building and the respective roles of investors vs owner occupiers, trade-up buyers vs first home buyers.

Leading indicators will show the specifics of *how* the crisis is rippling throughout the home building sector, in line with the three shocks outlined above. They'll show:

- the hit to detached vs multi-unit building and;
- how investors, owner occupiers and first home buyers are each reacting to the market conditions.

At this early stage, it is only HIA New Home Sales that is showing the effects of COVID-19 on detached housing (in which owner occupiers are the key source of demand). The number of sales nationally dropped by 23.2 per cent in the month of March this year and remained around that same very weak level in April. Some deterioration is evident in HIA contract sales, with the index falling by 10.8 per cent in April.

The impact of the crisis will be most severe on multi-unit (mainly apartment) construction, where investors are concentrated and their demand is heavily dependent on rates of overseas migration.



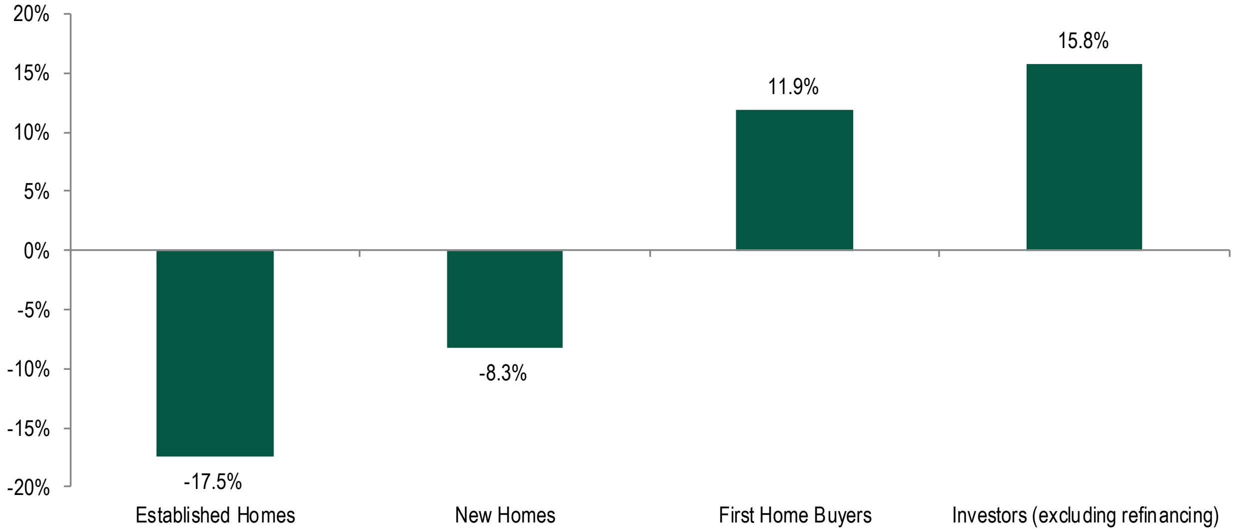
Official leading indicators will only start to show the shocks in (or perhaps even after) early June. Early June is when the ABS will publish housing finance and building approvals data for April – the first full month of restrictions (and first full month of weakened consumer sentiment).

The approval and financing of a home build represents the very final stages of a lengthy process that a household has all but legally committed to many months earlier. The lending and approval activity occurring now (detailed further below) – and if it continues to hold up for another couple of months – will largely reflect pre-COVID market conditions and consumers' employment expectations.

Housing Finance

- In original terms, the number of loans for the **purchase or construction of new dwellings for owner-occupiers** fell by 8.8 per cent during the March 2020 quarter to be down by 8.3 per cent on the same quarter last year.
- The fall away in new home sales suggests loans for the construction of a dwelling in particular will similarly pull back in coming months.
- The number of loans for **established homes for owner-occupiers** (excluding refinancing) declined by 8.2 per cent for the March 2020 quarter and is down by 17.5 per cent on the same quarter a year ago.
- This element of housing finance will fall in tandem with the recent contraction in property transactions, likely to show up in April and May data.
- The **value of loans to investors excluding refinancing** in seasonally adjusted terms was steady in the March 2020 quarter (down by 0.2 per cent) to be 15.8 per cent higher than the March 2019 quarter. Investors are likely to be very sensitive and heavily exposed to the market changes, with the effects on lending likely to appear without much if any lag.
- The number of loans to first home buyer owner occupiers in original terms in the March 2020 quarter was 11.9 per cent higher than a year earlier.

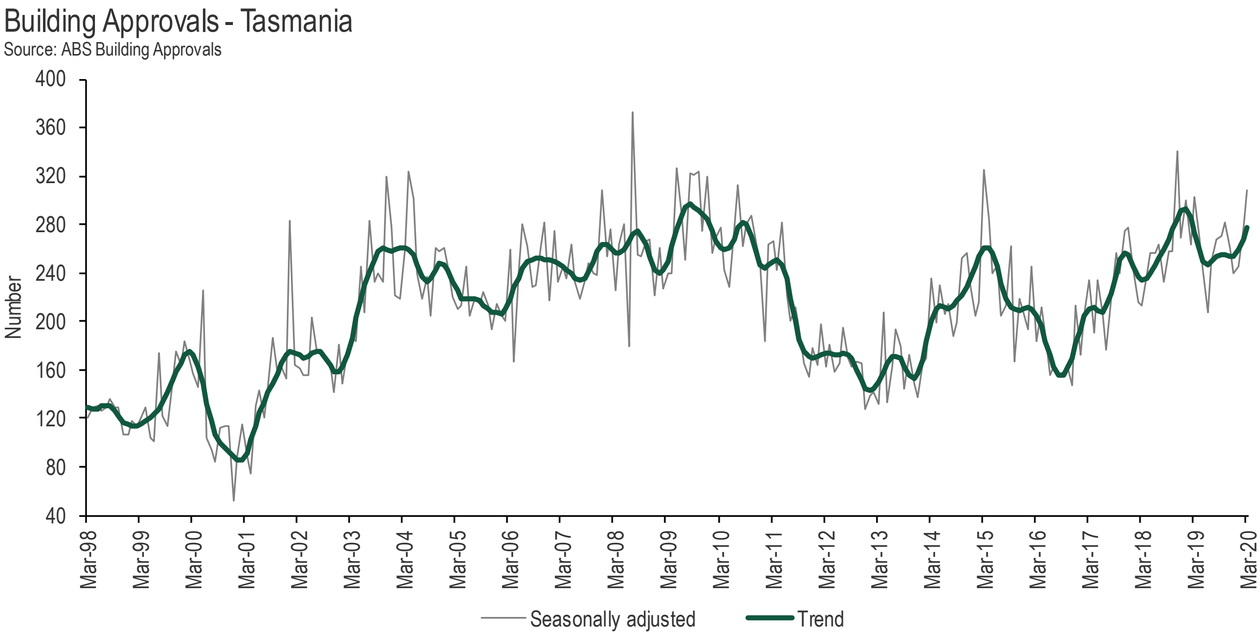
TAS - Finance for Market Segments - % change - Mar 2020Qtr on Mar 2019 Qtr



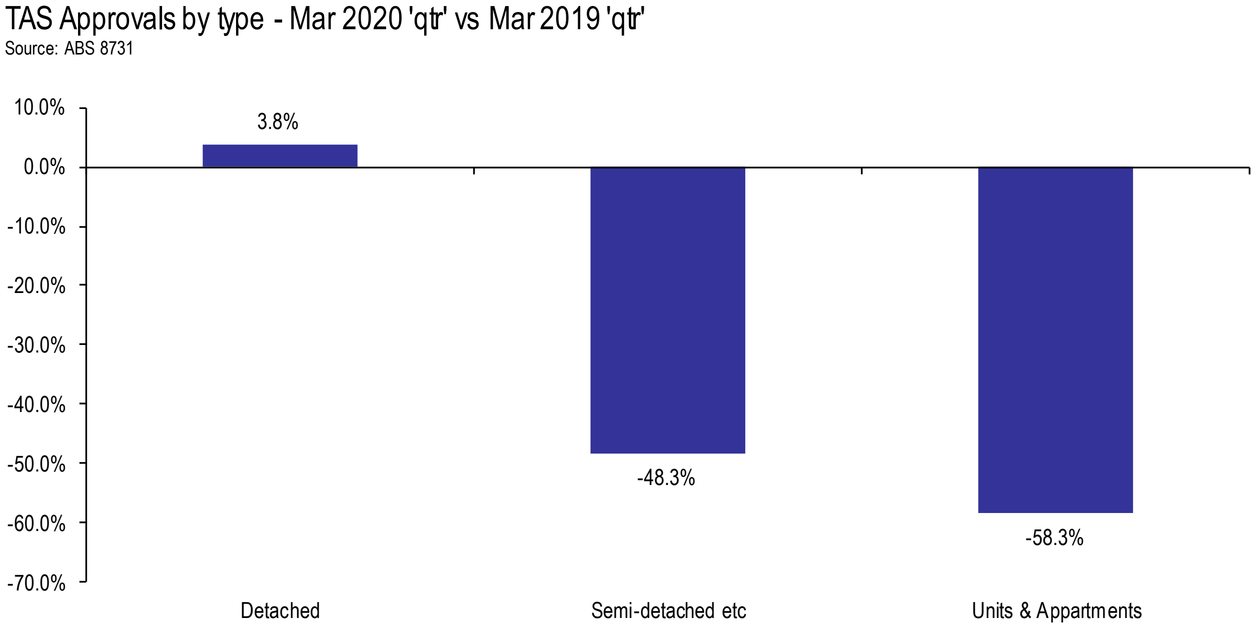
Source: ABS, HIA

BUILDING APPROVALS

- Building approvals, in original terms, finished the March 2020 quarter 3.4 per cent lower than the December quarter and are 2.9 per cent lower than the same quarter a year ago.
- Approvals for detached house construction rose during the March quarter, increasing by 12.3 per cent.
- Detached house construction is most heavily exposed to the initial demand shock of COVID-19. The early signs of the effects evident in HIA new house sales will likely translate into similarly sharp falls in approvals in coming months.
- Multi-units, which account for a small portion of residential construction in Tasmania, decreased by 70.0 per cent on the previous quarter to be 52.1 per cent lower than a year earlier.



- **Detached house** approvals for the March 2020 quarter (714) increased by 12.3 per cent from the previous quarter (636) to be up by 3.8 per cent from the March 2019 quarter (688). Approvals in the 12 months to March 2020 (2,792) declined by 4.4 per cent compared to the previous 12 months (2,920).
- Approvals for **semi-detached, row, and terrace homes** are a small segment of the Tasmanian market. The small numbers means that this segment is prone to volatility. Approvals for the March 2020 quarter (30) declined by 70.9 per cent from the previous quarter (103) and are down by 48.3 per cent from the March 2019 quarter (58). Approvals in the 12 months to March 2020 (213) rose by 5.4 per cent compared to the previous 12 months (202).
- Approvals for **apartments and units** are also a small and volatile segment of the market in Tasmania. Approvals for the March 2020 quarter (15) declined by 68.1 per cent on the previous quarter (47) to be down by 58.3 per cent compared to the March 2019 quarter (47). Approvals in the 12 months to March 2020 (88) are up by 69.2 per cent compared to the previous 12 months (52).


TAS Approvals by type - Mar 2020 'qtr' vs Mar 2019 'qtr'
Source: ABS 8731
10.0%
0.0%
-10.0%
-20.0%
-30.0%
-40.0%
-50.0%
-60.0%
-70.0%
3.8%
-48.3%
-58.3%
Detached
Semi-detached etc
Units & Appartments

HOUSING POLICY BACKGROUND

DEMOGRAPHIC DEMAND FOR HOUSING

- The population growth rate is a key driver of demographic demand for new housing.
- Overseas migration forms a large part of the growth in Australia's population. Overseas migration is heavily dependent on government policy settings and the Australian economy relative to other advanced economies.
- The population growth rate in Australia could range anywhere between 0.5 per cent to 2.0 per cent per annum due to the impacts of COVID-19

For many years, Australia has contended with an imbalance between the supply of and the demand for housing in Australia. This is largely due to a constrained flow of new housing stock coming online relative to strong population growth. This was the underlying cause of the rapid dwelling price growth between 2010 and 2017, and ultimately Australia's housing affordability crisis.

Between 2014 and 2018 the industry commenced construction on over 200,000 new homes each year, including a record build of 234,170 new home commencements in 2016. This level of building exceeds the previous record set in 1994 by 25 per cent and is also 34 per cent higher than the average annual build of this century.

There are many drivers of housing demand including the population growth rate, the number of people per dwelling and changes in household income. Some of these drivers can shift very quickly such as the number of overseas migrants arriving in Australia. This often changes on the whim of government policy settings. Conditions in the Australian economy relative to other advanced economies also impacts net overseas migration. This was most clearly on display post GFC when a large number of skilled workers migrated or returned back to Australia.

In contrast, natural increase in the population happens in a more predictable manner over relatively long timeframes. In particular, the ageing of the population and changes in the fertility rate happen over a long time frame.

The number of dwellings actually built from year to year varies significantly, largely according to economic and financial conditions at particular points in time and at particular locations. Confidence in the housing market and consumer sentiment are also key short term drivers of new home building activity.

In the face of the COVID-19 crisis, the population growth rate will all but grind to zero without any migration. It is likely to be as low as 0.5 per cent. This is would reflect the population simply growing at the natural rate of increase - the number of births minus deaths that occur each year.

In 2021, the population growth rate could range anywhere from 0.5 per cent to 2.0 per cent depending on what happens with the virus and government policy regarding migration. The 2.0 per cent growth rate assumes Australia opens its borders and overall conditions are better than other advanced economies.

The table below summarises the number of new homes that need to be built each year under different population growth and household income scenarios.

		Population Growth			
		2.0%	1.5%	1.0%	0.5%
Household Income Growth	Low	284,287	200,966	130,473	69,160
	Medium	301,653	218,332	147,839	86,526
	High	319,019	235,698	165,205	103,892

Required Annual Build Rate: The annual supply of new housing must exceed demographic demand to offset demolitions, stock which becomes unihabitable, housing for workers living away from home and holiday homes.

The table above expands the analysis undertaken in HIA's hallmark publication Housing Australia's Future.

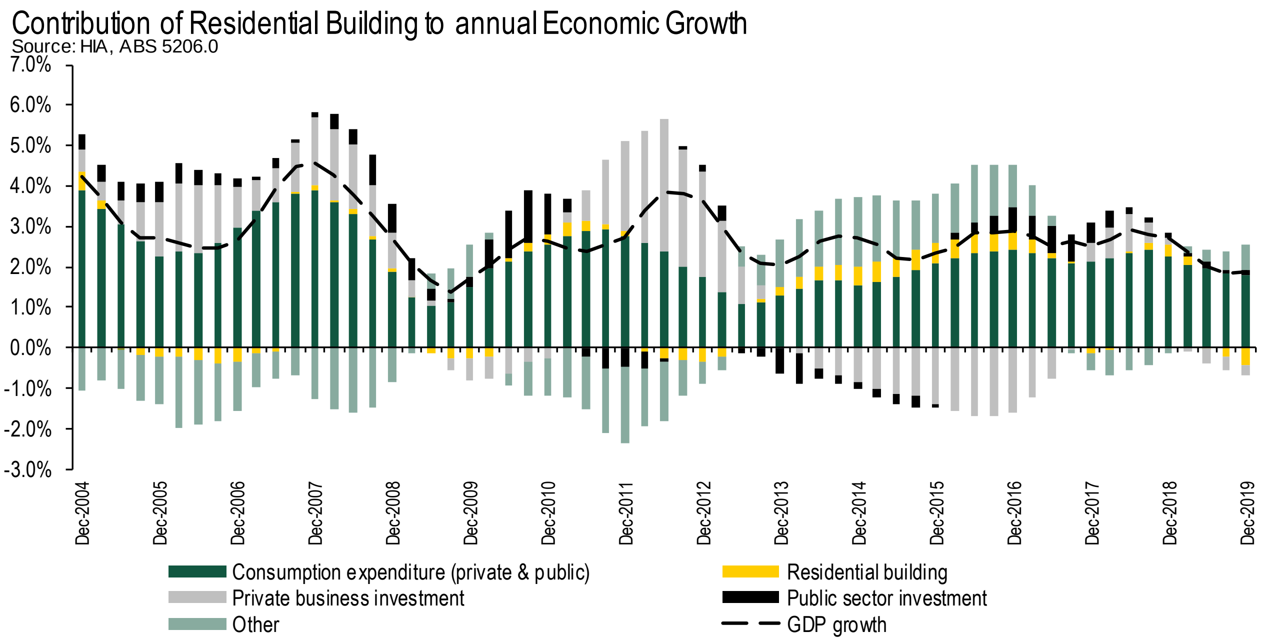
RESIDENTIAL BUILDING AND THE WIDER ECONOMY

- Over the past decade residential building has accounted for around 5.5 per cent of Australia's total Gross Domestic Product in any given year.
- Strong conditions in residential building in the past decade have contributed significantly to wider economic growth. By the same token, when conditions in the industry have been weak, this has detracted from economic growth.
- The residential building industry is a significant employer, employing more than an estimated 1.0 million people, nearly 8 per cent of all workers in Australia.

Residential building – the building of new homes, and the renovation and maintenance of existing homes – is a core element of Australia's domestic economy. Over the past decade it has accounted for around five and a half per cent of the entire value of all goods and services the country has produced in any given year.

In more recent years – namely during the 2014-2018 home building boom – residential construction accounted for closer to 6 per cent of GDP. During this boom period residential construction cushioned the effects of the winding down of the preceding mining construction boom, while activity in the rest of the private sector remained weak. When the home building boom was at its strongest, the growth in the industry contributed 0.5 percentage points out of a total 2.5 per cent annual growth in GDP – or one fifth of the growth in the entire domestic economy.

By the same token, when activity in the industry is weak it is often a major drag on the wider economy. At its worst, the weakness in residential construction in the wake of the GFC detracted 0.3 percentage points from GDP, bringing annual growth down to just 1.4 per cent in the year to September 2009 (this compares to post-GFC average annual growth in GDP of 2.5 per cent). The more recent contraction in home building has detracted 0.4 percentage points from annual GDP growth, taking total annual growth down to 1.9 per cent in 2019.



Employment in Home Building

- 1,003,200 people are employed in the residential building industry.
- There are 708,771 workers employed in construction roles within the industry,
- A further 294,429 people employed in non-construction roles.

There are over 1 million people employed by the residential building industry. Of these, Over 700,000 people are employed in construction roles and just under 300,000 people are employed in non-construction (admin) roles. It is also likely that many of those employed in construction trade occupations work across a range of dwelling types and renovations work and that some also work across residential and commercial construction projects.

Given the size of residential building industry, it is important that businesses and policy makers are well informed about the nature of the industry's workforce. However, there is a misalignment between industry classifications as reported by the ABS and the naturally-occurring segmentation within the industry.

HIA has estimated of the number of workers engaged within the residential building industry, as it is commonly understood. This includes:

- Builders;
- Construction trades workers;
- And the non-construction workers employed by building and trade contracting businesses;
- But does not include the workforce of the building supply chain.

Specifically, HIA's estimates of the workers with construction roles in the industry are:

- 345,829 are estimated to be predominantly engaged in detached home building, and around 362,942 are predominantly engaged in construction of multi-unit dwellings.
- 460,910 of those in construction roles are employed in construction trade occupations. It is likely that many of these workers will work across a range of new dwelling types, and renovations work. Some may also work across residential and non-residential construction projects.

Estimate of the Residential Building Industry Workforce

	Construction roles	Non-construction roles	Total
New South Wales	248,389	105,978	354,367
Victoria	207,481	83,844	291,325
Queensland	141,894	58,393	200,287
South Australia	36,734	13,956	50,690
Western Australia	45,052	19,303	64,355
Tasmania	12,629	5,616	18,245
Norther Territory	3,400	1,778	5,178
Australian Capital Territory	13,193	5,560	18,753
Australia	**708,771**	**294,429**	**1,003,200**

Source: HIA

Immigration at the Heart of Australia's Social and Economic Fabric

By Tom Devitt

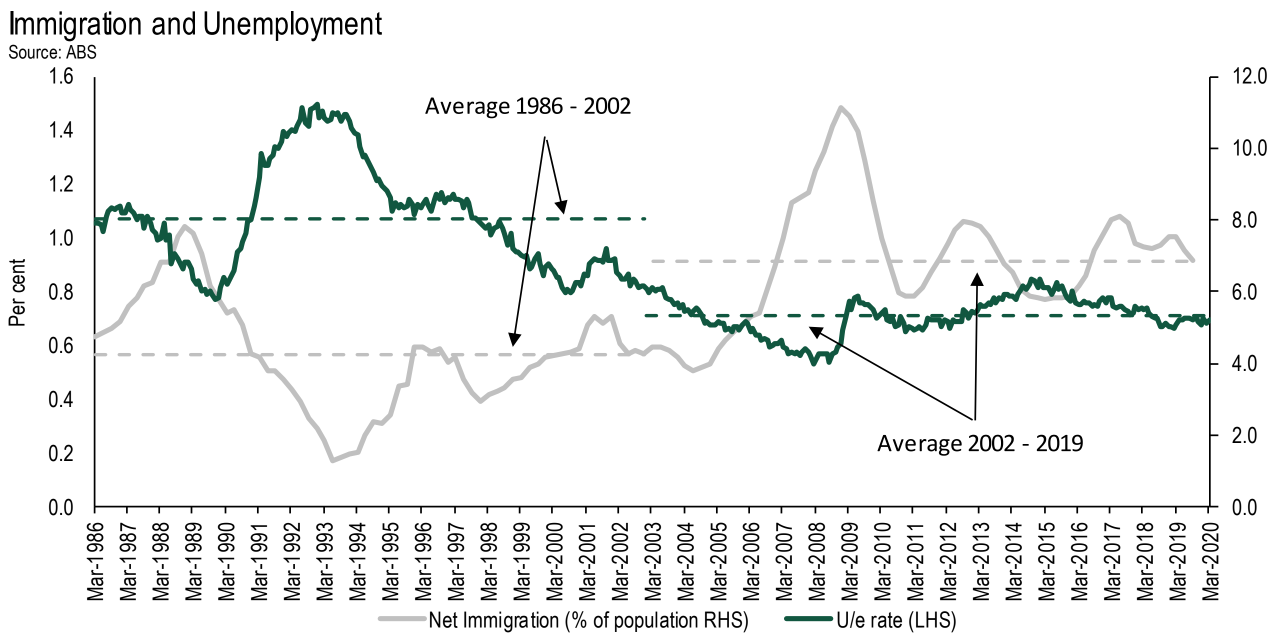
The COVID-19 crisis lays bare Australia's deep ambivalence towards immigration. We rightly congratulate ourselves for being the most successful multicultural country on the planet. That We've All Been In This Together to squash daily new case numbers down to single digits is a shining example of this success. Yet already in response to the COVID-19 crisis, calls to restrict immigration once the pandemic has subsided are making their way to news headlines.

Strong immigration is a pillar of modern Australia's social and economic fabric. It will be critical to a recovery from the current crisis and any chance we have at being a thriving society with a strong economy.

Immigration is part of the very fabric of Australia's modern building industry. The industry we know and recognise today is founded of the wave of immigration of Brits, Greeks, Italians and other southern and eastern Europeans. It has also since shifted in line with more recent changes to Australia's demography, with a growing number of industry participants coming from Asian backgrounds.

History shows that when modern Australia has looked out to the rest of the world – openly and with optimism – we have flourished. Conversely, when we have turned inwards and sought to keep people out, this has only been to everyone's detriment. It is a seductive but false logic that keeping people out protects local jobs.

The chart below shows the relationship between immigration and unemployment. That when immigration has been strong the unemployment rate has been low - the share of people in the workforce who don't have the stability and the sense of purpose, belonging, contribution and independence that all come with a job has been small. Between 1982 and 2002, our immigration program was relatively weak averaging 95,851 thousand net overseas immigrants per annum, while unemployment averaged around 8 per cent. Since then, immigration has been strong, averaging 203,824 thousand people (net) per annum, and has been a key ingredient behind unemployment averaging 5.5 per cent.



Success and enrichment from strong immigration is not automatic. In fact if not managed and responded to adequately and appropriately it can represent a source of social and political instability. The miserable situations in which the US and UK find themselves are sobering examples of how a fractured society – no matter how wealthy and powerful – is ill-equipped to respond to a crisis.

Proper management of immigration ensures that both newcomers and well-established residents can participate meaningfully in our social, civic and economic life that they can live affordably with adequate and appropriate amenity, proximate to jobs and community.

Cracks, strains and missteps in the management of our immigration program have emerged over recent years. There has been a strain on housing affordability and basic infrastructure in key markets like Sydney and Melbourne – destinations where new-arrivals tend to establish themselves. This highlights serious failings in the vitally important (seemingly mundane) policy areas of planning and infrastructure.

Australia's population growth has been consistent for much of the past 15 years. Despite this, the planning and delivery of infrastructure hasn't responded accordingly.

What has been less visible, but still concerning, is the narrowing and lengthening of the path from temporary visa to permanent residency and ultimately citizenship. The consequence is that Australia has a bulging group of temporary visa holders who would otherwise call Australia home. This form of migration is in stark contrast to the previously well-established pattern that leads to residency and citizenship. It is inimical to principles of openness and inclusion that have served to enrich modern Australia (and its building industry) and underpin its success in being a cohesive multicultural country with strong immigration.

A return to stable population growth driven by immigration will drive Australia's recovery from the COVID-19 crisis. To maintain our record as most successful multicultural country on the planet requires renewed focus, attention and investment in housing and infrastructure and also a return to established principles of migration and citizenship.

Australian Government Housing Initiatives Over the Decades

Menzies

- 1950's to early 1960's – The Commonwealth government provided low-interest loans to state governments to build houses for sale to eligible first home buyers. This policy added directly to the supply of housing.
- 1964 – 1973 – First Home Savings Grant - Introduced by Menzies in 1964 and abolished by Whitlam in 1973. Grants of up to $500 were given to "married or engaged couples under the age of 36" on the basis of $1 for every $3 saved in an "approved form" (generally with a financial institution whose major business was lending for housing) in the three years before buying their first home, provided that the home was valued at no more than $14,000.

Whitlam

- 1973 -1976 – Income tax deductions for mortgage interest payments by people with a taxable income of less than $14,000 a year.

Fraser

- 1976 – 1983 – Home Deposit Assistance Grants – The re-introduction of the 1964 First Home Savings Grant without the age or marriage requirements and with no limits on the value of the property. The grant was also larger at $2500.

Hawke

- 1983 – 1990 – First Home Owners Assistance Scheme – Replaced the Home Deposit Assistance Grant. Initially this was a maximum grant of $7000 (later reduced to $6000) and was subject to an income test.

Howard

- 2000 – First Home Owners Grant – This grant was $7000 for all first home buyers nationally. In 2001 the grant was doubled to $14,000. It was originally intended to offset the effect of GST on homeownership. There were no income tests or upper limits on the purchase price of the home.
- It was temporarily increased in 2008 by Kevin Rudd in response to a feared slump in housing activity because of the GFC. Over the past decade, most state and territory governments have "topped up" the basic FHOG payments to first-time buyers with grants from their own resources, with some states providing even larger grants to buyers meeting certain additional criteria.

Rudd

- 2008 – 2014 – First Home Saver Account (FHSA) – This was a Labor Party election policy during 2007. For each dollar contributed to a FHSA during a financial year, the government contributed 17 cents up to a specified limit which increased each financial year through indexation. The account also had a lower tax rate of 15% and withdrawals were tax free. Only 48,000 accounts were opened since it was introduced in 2008, when 730,000 were originally expected for the four years to 2012.
- October 2008 – December 2012 – First Home Owners Boost – an extra $7000 grant to FHBs buying established homes and $14,000 for those buying new homes. The boost was reduced to $7000 for those buying new homes and $3500 for those buying established homes between 1 Oct 2009 and 31 Dec 2009. The expected cost was put at around $1.5 billion over 2008–09 and 2009–10. An extra $539 million over three years was added to extend the scheme by six months.
- 2008 – 2014/15 – National Rental Affordability Scheme (NRAS) – The Scheme seeks to address the shortage of affordable rental housing by offering annual financial incentives for up to ten years, to rent dwellings for eligible NRAS tenants at 80 per cent or less of the market value rent.
- 2008/09 – 2011/12 – Social Housing Initiative (SHI) - $5.638 billion to the SHI over three and a half years. Of this, $5.238 billion was allocated to the construction of new dwellings and $400 million was allocated to repair and maintenance of existing social housing dwellings. Program delivered 19,669 additional social housing dwellings nationally and a further 80,537 existing dwellings nationally were repaired. In terms of the economic impact on the SHI, KPMG estimated that there was an increase in 9,000 FTE construction industry jobs and 14,000 additional jobs overall and that it contributed approximately $1.1bn in total value-added (GDP) annually over the four year period.
- 2009 – Discontinued in 2010 - Energy Efficient Home Package – Announced on 3 February 2009. Included Green Loans Scheme aka. Green Start, National Rainwater and Greywater Initiative, Solar hot water rebate scheme and Home Insulation Scheme. It was expected to cost $3.9 billion.

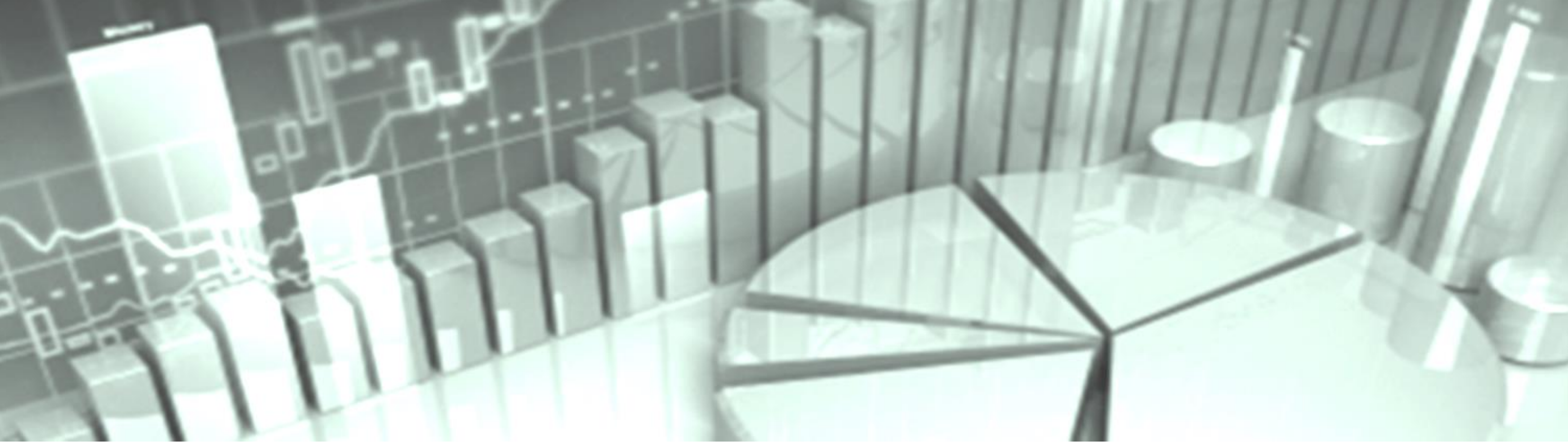
- 2008 – 2010 - Regional and Local Community Infrastructure Program - $1.1 billion of grant funding to various projects.

Turnbull

- 2017 – First Home Super Saver Scheme – Announced in the 2017/18 Federal Budget. This measure is expected to have a cost to revenue of $250.0 million over the forward estimates period. The Government will provide $9.4 million to the Australian Taxation Office to implement the measure.

Morrison

- 2020 – First Home Loan Deposit Scheme – Announced in May 2019 and is expected to offer support of up to $500 million in the form of equity. The scheme is run by the National Housing Finance and Investment Corporation (NHFIC) and allows eligible first home buyers to purchase a modest home with as little as 5 per cent deposit (lenders criteria also apply) without having to pay lenders mortgage insurance.



HOUSING INDUSTRY DATA AND CHART PACK

HIA FORECASTS

HOUSING STARTS AND RENOVATIONS ACTIVITY

Dwelling Starts Forecast - Tasmania

Financial Year Starts

seasonally adjusted

Year	Dwellings	*% change*
2007/08	2,919	
2008/09	2,957	*1*
2009/10	3,223	*9*
2010/11	3,068	*-5*
2011/12	2,268	*-26*
2012/13	1,913	*-16*
2013/14	1,958	*2*
2014/15	2,830	*45*
2015/16	2,442	*-14*
2016/17	2,172	*-11*
2017/18	2,813	*30*
2018/19	3,026	*8*
2019/20 (f)	2,800	*-7*
2020/21 (f)	1,834	*-35*

Starts, by type

seasonally adjusted

Year	Houses	Multi-units	Total	*Houses % total*
2007/08	2,475	444	2,919	*85%*
2008/09	2,452	505	2,957	*83%*
2009/10	2,573	650	3,223	*80%*
2010/11	2,203	865	3,068	*72%*
2011/12	1,740	528	2,268	*77%*
2012/13	1,525	388	1,913	*80%*
2013/14	1,640	318	1,958	*84%*
2014/15	2,321	509	2,830	*82%*
2015/16	2,042	400	2,442	*84%*
2016/17	1,751	421	2,172	*81%*
2017/18	2,296	517	2,813	*82%*
2018/19	2,686	340	3,026	*89%*
2019/20 (f)	2,537	263	2,800	*91%*
2020/21 (f)	1,665	169	1,834	*91%*

Calendar Year Starts

seasonally adjusted

Year	Dwellings	*% change*
2007	2,918	
2008	2,937	*1*
2009	3,093	*5*
2010	3,191	*3*
2011	2,641	*-17*
2012	2,068	*-22*
2013	1,829	*-12*
2014	2,411	*32*
2015	2,802	*16*
2016	2,150	*-23*
2017	2,511	*17*
2018	2,905	*16*
2019	3,110	*7*
2020 (f)	2,200	*-29*
2021 (f)	1,719	*-22*

(f) = forecast

Quarterly Starts

seasonally adjusted

Quarter	Dwellings	Quarter	Dwellings
Mar-14	475	Dec-17	743
Jun-14	576	Mar-18	694
Sep-14	637	Jun-18	740
Dec-14	723	Sep-18	711
Mar-15	645	Dec-18	760
Jun-15	825	Mar-19	827
Sep-15	709	Jun-19	728
Dec-15	623	Sep-19	769
Mar-16	603	Dec-19	786
Jun-16	507	Mar 20 (f)	665
Sep-16	546	Jun 20 (f)	579
Dec-16	494	Sep 20 (f)	490
Mar-17	551	Dec 20 (f)	465
Jun-17	581	Mar 21 (f)	445
Sep-17	636	Jun 21 (f)	434

New Housing Forecast

Value of work done on new housing, $ million, CVM base 2017/18

	TAS	% change
2006/07	684	
2007/08	710	*4*
2008/09	711	*0*
2009/10	750	*5*
2010/11	758	*1*
2011/12	631	*-17*
2012/13	540	*-14*
2013/14	492	*-9*
2014/15	681	*38*
2015/16	680	*0*
2016/17	572	*-16*
2017/18	690	*21*
2018/19	810	*17*
2019/20 (f)	768	*-5*
2020/21 (f)	749	*-2*

Housing Renovations Forecast

Value of total investments into housing renovations, $ million, CVM base 2017/18

	TAS	% change
2006/07	753	
2007/08	796	*6*
2008/09	769	*-3*
2009/10	773	*1*
2010/11	757	*-2*
2011/12	798	*5*
2012/13	732	*-8*
2013/14	831	*14*
2014/15	822	*-1*
2015/16	744	*-9*
2016/17	598	*-20*
2017/18	565	*-6*
2018/19	611	*8*
2019/20 (f)	577	*-6*
2020/21 (f)	581	*1*

Total Investment in Housing Forecast

$ million, CVM base 2017/18	TAS	% change
2006/07	1,437	
2007/08	1,506	*5*
2008/09	1,480	*-2*
2009/10	1,523	*3*
2010/11	1,515	*0*
2011/12	1,429	*-6*
2012/13	1,272	*-11*
2013/14	1,323	*4*
2014/15	1,503	*14*
2015/16	1,424	*-5*
2016/17	1,170	*-18*
2017/18	1,255	*7*
2018/19	1,421	*13*
2019/20 (f)	1,344	*-5*
2020/21 (f)	1,330	*-1*

(f) = forecast

Non-Dwelling Construction

Non-residential Building Approved: by Type, TAS

$ million, chain volume measures, base 2017/18

	Hotels & Entertainment	Retail Trade	Factories & Warehouses	Office	Health & Aged Care	Education	Other	Total
Mar-2016	48.6	9.9	14.5	10.4	32.1	32.6	7.9	155.9
Jun	7.9	31.4	8.9	11.5	38.4	29.4	8.4	135.9
Sep	75.7	10.5	10.2	9.1	1.6	12.7	9.3	129.2
Dec	12.4	12.8	23.3	8.1	10.4	23.8	18.2	108.8
Mar-2017	28.7	14.1	8.6	25.5	8.9	92.1	4.2	182.1
Jun	19.6	6.1	12.5	19.8	6.2	19.1	8.8	92.1
Sep	22.4	8.4	4.0	16.3	43.9	6.6	7.1	108.7
Dec	16.2	21.1	19.0	4.2	19.4	18.0	13.4	111.3
Mar-2018	88.9	11.0	23.5	21.8	136.1	5.9	14.7	301.9
Jun	55.6	12.6	7.9	35.5	26.0	5.8	10.5	153.9
Sep	143.2	27.8	35.2	16.9	7.8	4.2	15.3	250.4
Dec	32.5	17.1	34.8	2.3	0.6	16.6	13.5	117.3
Mar-2019	87.5	6.8	6.2	7.3	8.2	19.8	13.5	149.4
Jun	26.2	9.3	19.2	9.2	24.1	72.4	8.6	168.9
Sep	7.0	11.2	13.3	28.4	27.4	13.4	16.5	117.2
Dec	9.2	11.5	9.5	26.0	10.8	24.6	21.7	113.3
Mar-2020	36.4	12.0	37.3	20.3	6.6	16.2	14.3	143.1
Year ended:								
Mar-2019	318.8	64.3	84.1	62.0	42.5	46.5	52.8	671.0
Mar-2020	78.7	44.0	79.3	83.9	68.9	126.7	61.0	542.5
% change	**-75.3%**	**-31.6%**	**-5.7%**	**35.5%**	**62.2%**	**172.7%**	**15.5%**	**-19.1%**

Engineering Construction Work Commenced, TAS

$ million, chain volume measures, base 2017/18

	Roads	Railways bridges & harbours	Electricity & pipelines	Water & sewerage	Telecom	Heavy industry	Recreation & other	Total
Dec	49.2	22.1	65.7	37.8	83.6	15.5	9.3	283.3
Mar '16	107.7	29.1	63.4	44.6	83.3	50.1	4.9	383.1
Jun	47.1	13.8	64.8	29.8	82.9	21.4	4.9	264.8
Sep	73.8	10.5	66.3	25.0	122.6	34.7	4.8	337.7
Dec	81.7	27.7	33.1	89.0	78.5	12.4	9.7	332.1
Mar '17	64.1	9.0	44.9	61.1	66.8	25.8	21.3	293.0
Jun	51.8	6.3	64.2	21.2	115.7	6.7	5.3	271.2
Sep	66.5	13.5	80.2	90.5	36.3	7.5	21.7	316.3
Dec	112.8	15.9	62.2	95.8	31.4	33.6	11.9	363.7
Mar '18	102.4	34.8	46.0	70.7	15.1	32.1	7.0	308.1
Jun	107.9	6.8	83.6	62.2	25.8	32.4	35.4	354.2
Sep	79.9	13.7	598.4	37.3	21.8	24.9	17.2	793.1
Dec	47.1	13.7	42.9	36.3	42.0	5.9	13.9	201.8
Mar '19	53.9	13.7	48.7	30.3	20.2	22.5	15.3	204.6
Jun	34.3	8.8	48.1	28.2	29.0	14.0	21.1	183.3
Sep	111.7	20.8	80.3	593.8	28.9	9.4	32.0	876.9
Dec	83.4	22.1	35.5	27.3	25.0	15.2	14.7	223.1
Year ended:								
Dec '18	337.3	68.9	770.8	206.5	104.8	95.3	73.6	1,657.3
Dec '19	283.4	65.5	212.6	679.5	103.0	61.0	83.0	1,488.0
% change	**-16.0%**	**-5.0%**	**-72.4%**	**229.0%**	**-1.7%**	**-36.0%**	**12.8%**	**-10.2%**

Housing Finance

Loans for the Construction of a Dwelling

These loans represent commitments made to individuals to finance, by way of progress payments, the construction of owner occupied dwellings.

These loans do not include commitments made to individuals to build an investment property.

Loans for the Construction of a Dwelling

Month/Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2009	7,009	16,473	9,373	4,139	8,807	1,065	414	766	48,042
2010	5,745	13,819	7,208	3,044	6,892	701	242	515	38,395
2011	5,602	12,029	5,793	2,602	6,723	717	272	579	34,320
2012	5,781	11,871	6,556	2,399	7,966	679	315	584	36,238
2013	6,748	10,659	7,062	3,315	10,065	634	336	631	39,543
2014	7,653	12,343	8,199	3,587	11,547	1,051	368	646	45,620
2015	8,146	11,838	7,831	3,231	9,353	933	480	603	42,414
2016	8,141	12,480	8,009	3,245	7,080	823	440	657	40,945
2017	9,013	13,738	8,876	3,348	6,966	857	430	530	43,755
2018	8,756	13,839	7,664	3,326	6,028	1,018	328	615	41,651
2019	7,779	13,412	6,605	3,415	5,577	962	265	520	38,656
Mar-18	695	1,136	592	264	467	72	22	47	3,295
Apr-18	636	1,024	581	274	462	82	19	57	3,136
May-18	840	1,284	716	341	581	81	40	57	3,940
Jun-18	780	1,289	761	276	512	91	32	68	3,809
Jul-18	791	1,314	830	282	536	93	36	66	3,948
Aug-18	829	1,230	694	297	529	92	19	66	3,757
Sep-18	711	1,040	542	262	460	81	0	0	3,169
Oct-18	764	1,240	618	304	548	107	27	62	3,669
Nov-18	759	1,169	599	281	563	99	36	52	3,559
Dec-18	664	1,056	479	260	484	75	25	47	3,091
Jan-19	517	893	438	238	414	69	0	0	2,630
Feb-19	653	995	498	261	418	83	0	0	2,971
Mar-19	709	1,036	559	300	470	92	25	61	3,251
Apr-19	612	947	497	260	455	73	51	48	2,942
May-19	724	1,351	619	338	544	93	38	66	3,772
Jun-19	616	1,235	555	283	471	66	27	42	3,295
Jul-19	715	1,297	588	286	492	95	26	64	3,563
Aug-19	637	1,165	545	275	484	92	21	56	3,275
Sep-19	697	1,075	567	291	435	80	17	44	3,206
Oct-19	719	1,260	622	300	479	75	17	66	3,538
Nov-19	629	983	559	317	452	81	24	43	3,088
Dec-19	551	1,175	558	266	463	63	19	30	3,125
Jan-20	522	947	490	244	441	50	16	27	2,737
Feb-20	558	977	490	247	446	59	18	27	2,822
Mar-20	653	1,039	577	267	482	61	21	42	3,142

Loans for the Purchase of a New Dwelling

A new dwelling is one that has been completed within 12 months of the lodgement of a loan application and the borrower will be the first occupant. These loans do not include commitments made to individuals to purchase a new investment property.

Loans for the Purchase of a New Dwelling

Month/Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2009	9,889	11,023	7,817	3,584	3,148	442	286	891	37,079
2010	7,814	13,240	4,677	3,236	2,567	253	166	599	32,725
2011	8,154	11,623	5,034	1,911	2,836	202	202	691	30,655
2012	7,917	11,781	5,577	1,749	3,193	179	251	560	31,288
2013	8,666	10,604	5,384	2,471	2,873	356	245	937	31,657
2014	9,211	10,816	6,056	2,717	2,663	464	356	1,024	33,552
2015	11,397	11,978	6,342	3,050	2,618	464	439	1,375	37,657
2016	12,973	13,380	7,583	3,564	2,980	535	305	1,170	42,644
2017	14,599	15,115	8,539	3,916	2,989	601	204	2,134	48,095
2018	14,674	13,460	7,064	3,447	2,231	513	158	1,765	43,471
2019	12,407	12,200	5,611	3,281	2,110	427	94	1,146	37,456
Mar-18	1,302	1,197	692	284	207	56	17	211	3,967
Apr-18	1,101	1,166	539	241	173	57	7	182	3,468
May-18	1,392	1,342	669	300	228	72	20	94	4,118
Jun-18	1,236	1,203	639	344	155	45	9	99	3,730
Jul-18	1,172	1,111	594	287	162	44	20	87	3,477
Aug-18	1,250	1,221	596	286	179	38	9	120	3,700
Sep-18	1,173	1,002	523	229	194	30	0	0	3,304
Oct-18	1,195	1,108	569	312	183	34	13	177	3,592
Nov-18	1,348	1,114	608	347	225	32	22	241	3,938
Dec-18	1,226	955	471	278	148	39	19	201	3,336
Jan-19	720	693	420	208	150	27	0	0	2,308
Feb-19	811	766	404	284	142	29	0	0	2,526
Mar-19	874	861	405	218	177	37	7	88	2,668
Apr-19	872	862	380	235	146	28	9	64	2,597
May-19	1,015	1,026	462	267	173	36	7	99	3,084
Jun-19	904	911	364	301	157	32	9	72	2,749
Jul-19	1,145	1,049	411	242	152	28	9	115	3,151
Aug-19	1,057	1,098	437	230	165	40	8	106	3,141
Sep-19	1,152	1,118	558	301	210	50	9	84	3,482
Oct-19	1,214	1,193	548	301	228	45	10	137	3,676
Nov-19	1,326	1,229	571	344	208	40	15	166	3,899
Dec-19	1,317	1,394	651	350	202	35	11	215	4,175
Jan-20	1,026	1,182	524	412	230	46	27	108	3,555
Feb-20	919	1,021	559	285	187	47	11	110	3,139
Mar-20	1,094	1,046	595	309	212	46	12	135	3,449

LOANS FOR THE PURCHASE OF AN ESTABLISHED DWELLING

An established dwelling is one which has been completed for 12 months or more prior to the lodgement of a loan application, or which has been previously occupied. These figures exclude refinancing of established dwellings.

Loans for the Purchase of an Established Dwelling excluding refinancing

Month/Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2009	92,535	71,073	71,852	26,729	36,318	8,621	3,144	6,302	316,576
2010	64,199	57,982	48,910	18,619	26,497	5,611	2,038	4,650	228,503
2011	68,095	55,037	44,628	17,717	26,508	5,625	1,956	4,434	224,001
2012	63,310	57,665	50,165	17,734	31,404	5,272	2,323	4,397	232,268
2013	70,942	66,263	58,781	20,411	36,583	6,161	2,352	5,306	266,804
2014	70,573	65,097	61,221	20,575	34,193	6,224	2,475	5,566	265,922
2015	75,135	71,754	61,912	20,669	31,364	6,356	1,975	6,070	275,233
2016	73,758	72,519	62,102	20,937	29,055	6,607	1,822	5,963	272,759
2017	80,720	80,258	62,778	20,796	28,366	7,007	1,974	6,870	288,768
2018	73,963	75,174	58,343	19,929	25,550	7,096	1,831	6,706	268,592
2019	65,549	66,060	52,735	18,051	23,687	6,484	1,617	6,066	240,253
Mar-18	6,532	6,121	5,207	1,609	2,226	588	155	591	23,029
Apr-18	6,050	5,783	4,486	1,478	2,033	553	153	542	21,079
May-18	7,347	7,209	5,207	1,858	2,361	630	141	611	25,364
Jun-18	6,247	6,403	4,959	1,654	2,016	547	161	531	22,518
Jul-18	6,272	6,499	4,910	1,630	2,104	631	135	548	22,729
Aug-18	6,175	6,411	4,945	1,752	2,085	573	146	549	22,637
Sep-18	5,818	5,599	4,659	1,504	1,960	532	165	490	20,726
Oct-18	6,525	6,626	5,261	1,761	2,360	719	151	655	24,059
Nov-18	6,752	6,917	5,403	1,921	2,406	670	184	741	24,995
Dec-18	5,514	5,782	4,303	1,695	1,915	593	145	532	20,478
Jan-19	4,194	5,142	3,810	1,444	1,822	561	131	416	17,520
Feb-19	4,688	4,913	4,216	1,502	1,902	602	117	472	18,412
Mar-19	5,358	5,213	4,342	1,578	1,918	561	137	521	19,629
Apr-19	5,077	4,993	3,931	1,479	1,876	542	140	482	18,521
May-19	5,789	5,927	4,318	1,579	2,092	599	139	509	20,952
Jun-19	5,103	5,244	4,030	1,460	1,818	516	128	427	18,728
Jul-19	5,591	5,716	4,498	1,444	2,012	543	139	518	20,461
Aug-19	5,626	5,459	4,608	1,502	2,030	502	113	500	20,340
Sep-19	5,510	5,290	4,600	1,427	1,960	508	145	497	19,937
Oct-19	6,105	5,940	4,747	1,486	2,072	520	150	517	21,537
Nov-19	6,350	5,984	4,930	1,523	2,102	527	130	604	22,150
Dec-19	6,158	6,239	4,705	1,627	2,083	503	148	603	22,066
Jan-20	4,816	5,366	3,858	1,230	1,794	445	98	447	18,054
Feb-20	4,515	4,669	4,208	1,320	1,878	465	98	458	17,611
Mar-20	6,002	5,149	4,610	1,450	2,063	513	144	529	20,460

Total Number of Home Loans

The total number of home loans includes loans for the construction of a dwelling and the purchase of new and established dwellings.

It does not include refinancing of established dwellings or loans for alterations and additions.

Total Number of Home Loans excluding refinancing

Month/Year	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
2009	109,433	98,569	89,042	34,452	48,273	10,128	3,844	7,959	401,697
2010	77,758	85,041	60,795	24,899	35,956	6,565	2,446	5,764	299,623
2011	81,851	78,689	55,455	22,230	36,067	6,544	2,430	5,704	288,976
2012	77,008	81,317	62,298	21,882	42,563	6,130	2,889	5,541	299,794
2013	86,356	87,526	71,227	26,197	49,521	7,151	2,933	6,874	338,004
2014	87,437	88,256	75,476	26,879	48,403	7,739	3,199	7,236	345,094
2015	94,678	95,570	76,085	26,950	43,335	7,753	2,894	8,048	355,304
2016	94,872	98,379	77,694	27,746	39,115	7,965	2,567	7,790	356,348
2017	104,332	109,111	80,193	28,060	38,321	8,465	2,608	9,534	380,618
2018	97,393	102,473	73,071	26,702	33,809	8,627	2,317	9,086	353,714
2019	85,735	91,672	64,951	24,747	31,374	7,873	1,976	7,732	316,365
Mar-18	8,529	8,454	6,491	2,157	2,900	716	194	849	30,291
Apr-18	7,787	7,973	5,606	1,993	2,668	692	179	781	27,683
May-18	9,579	9,835	6,592	2,499	3,170	783	201	762	33,422
Jun-18	8,263	8,895	6,359	2,274	2,683	683	202	698	30,057
Jul-18	8,235	8,924	6,334	2,199	2,802	768	191	701	30,154
Aug-18	8,254	8,862	6,235	2,335	2,793	703	174	735	30,094
Sep-18	7,702	7,641	5,724	1,995	2,614	643	165	490	27,199
Oct-18	8,484	8,974	6,448	2,377	3,091	860	191	894	31,320
Nov-18	8,859	9,200	6,610	2,549	3,194	801	242	1,034	32,492
Dec-18	7,404	7,793	5,253	2,233	2,547	707	189	780	26,905
Jan-19	5,431	6,728	4,668	1,890	2,386	657	131	416	22,458
Feb-19	6,152	6,674	5,118	2,047	2,462	714	117	472	23,909
Mar-19	6,941	7,110	5,306	2,096	2,565	690	169	670	25,548
Apr-19	6,561	6,802	4,808	1,974	2,477	643	200	594	24,060
May-19	7,528	8,304	5,399	2,184	2,809	728	184	674	27,808
Jun-19	6,623	7,390	4,949	2,044	2,446	614	164	541	24,772
Jul-19	7,451	8,062	5,497	1,972	2,656	666	174	697	27,175
Aug-19	7,320	7,722	5,590	2,007	2,679	634	142	662	26,756
Sep-19	7,359	7,483	5,725	2,019	2,605	638	171	625	26,625
Oct-19	8,038	8,393	5,917	2,087	2,779	640	177	720	28,751
Nov-19	8,305	8,196	6,060	2,184	2,762	648	169	813	29,137
Dec-19	8,026	8,808	5,914	2,243	2,748	601	178	848	29,366
Jan-20	6,364	7,495	4,872	1,886	2,465	541	141	582	24,346
Feb-20	5,992	6,667	5,257	1,852	2,511	571	127	595	23,572
Mar-20	7,749	7,234	5,782	2,026	2,757	620	177	706	27,051

Building Approvals

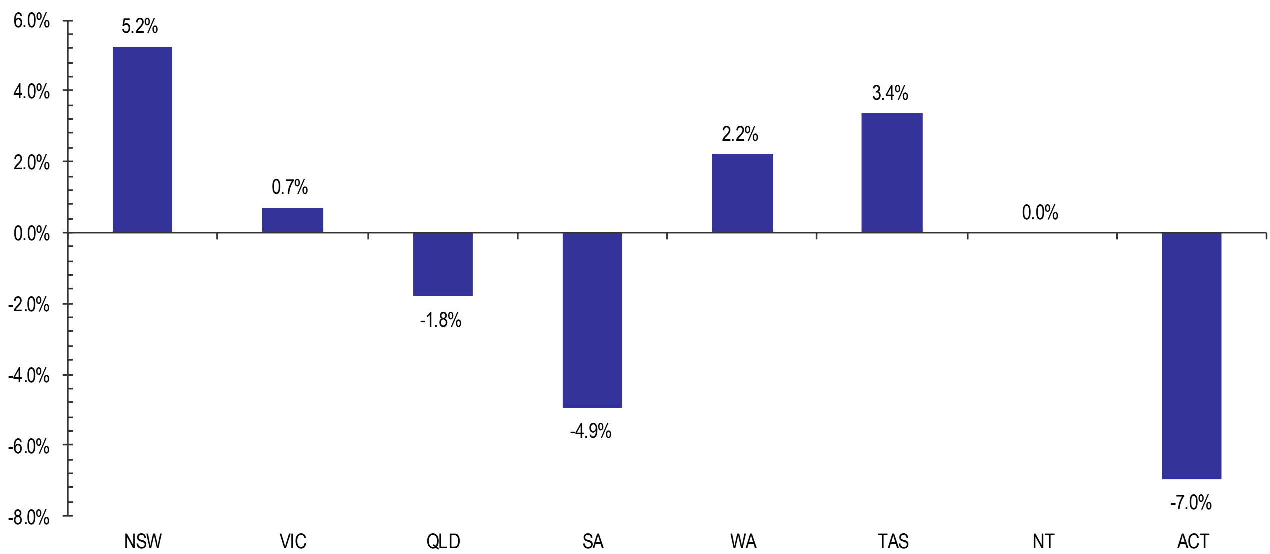
Residential building approvals data allows the direct estimation of dwelling commencements. Dwelling commencements lag building approvals by around six to twelve weeks. Not all approvals proceed to the commencement phase of the construction cycle – as a 'rule of thumb' around 96 per cent of approvals convert to dwelling commencements.

Number of Building Approvals - All States, Trend

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Mar.2018	5,854	6,237	3,756	1,044	1,374	234	57	572
Apr.2018	5,784	5,945	3,672	1,106	1,369	236	61	680
May.2018	5,688	5,714	3,574	1,135	1,381	240	63	744
Jun.2018	5,582	5,539	3,462	1,117	1,394	246	63	769
Jul.2018	5,443	5,420	3,334	1,060	1,374	252	62	758
Aug.2018	5,266	5,358	3,188	984	1,324	259	61	718
Sep.2018	5,075	5,311	3,023	915	1,264	267	58	643
Oct.2018	4,915	5,276	2,841	872	1,232	276	55	538
Nov.2018	4,825	5,208	2,672	862	1,240	285	53	436
Dec.2018	4,797	5,087	2,559	873	1,279	292	52	403
Jan.2019	4,804	4,955	2,517	882	1,326	293	52	434
Feb.2019	4,782	4,856	2,516	893	1,349	286	52	476
Mar.2019	4,697	4,791	2,531	906	1,347	273	53	488
Apr.2019	4,560	4,725	2,550	912	1,323	259	53	477
May.2019	4,351	4,614	2,569	914	1,290	250	53	441
Jun.2019	4,136	4,454	2,579	923	1,261	247	50	381
Jul.2019	3,984	4,383	2,567	947	1,242	249	47	320
Aug.2019	3,898	4,426	2,538	980	1,230	253	43	293
Sep.2019	3,831	4,603	2,507	1,009	1,211	255	41	307
Oct.2019	3,803	4,849	2,479	1,019	1,189	255	39	344
Nov.2019	3,860	5,128	2,454	1,004	1,164	254	39	366
Dec.2019	3,982	5,381	2,425	971	1,144	254	39	366
Jan.2020	4,151	5,547	2,398	929	1,136	259	39	357
Feb.2020	4,348	5,642	2,376	890	1,133	268	39	345
Mar.2020	4,576	5,682	2,333	846	1,158	277	39	321
Latest change in trend	**5.2%**	**0.7%**	**-1.8%**	**-4.9%**	**2.2%**	**3.4%**	**0.0%**	**-7.0%**

Percentage Change in monthly Trend - Building Approvals - March 2020

Source: ABS 873107

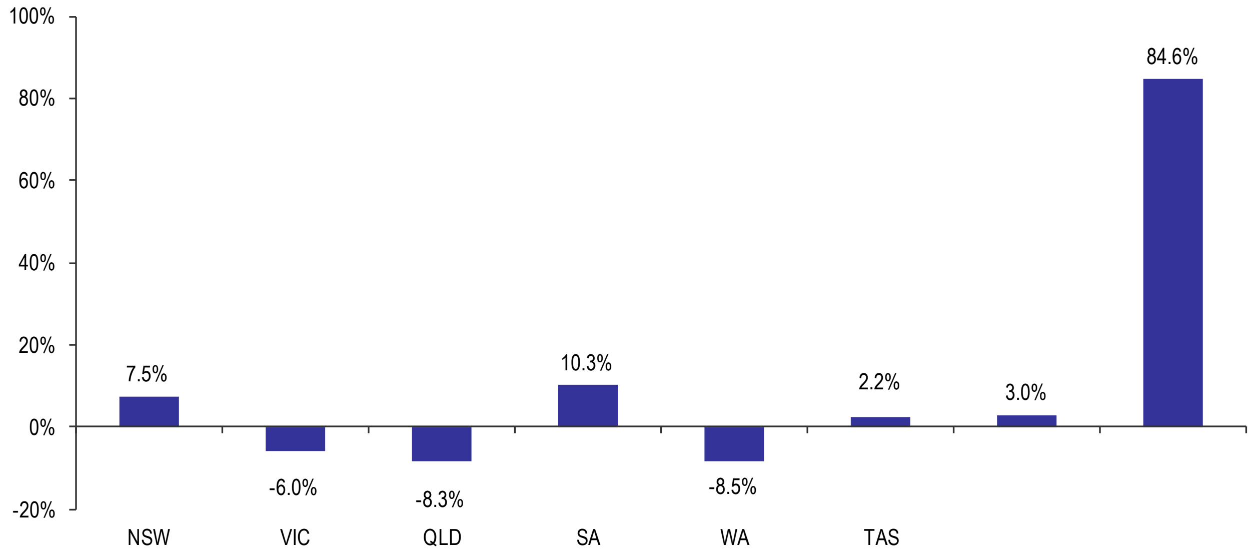


Dwelling Commencements

Statistics on dwelling commencements provide a prime indicator of the health of the housing industry. A dwelling is recorded as having been commenced when the first building activity has been performed on-site, with either labour expended or material fixed in place.

Quarterly Percentage Change in Dwellings Commenced December 2019

Source: ABS Commencements



Number of Dwellings Commenced - All States, seasonally adjusted

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Dec.2014	13,967	14,758	10,343	2,939	8,122	723	453	816
Mar.2015	14,356	16,892	12,254	2,369	8,029	645	417	706
Jun.2015	15,579	17,363	11,667	2,689	6,991	825	434	1,408
Sep.2015	16,826	16,462	11,410	2,641	7,230	709	358	1,324
Dec.2015	15,780	18,044	12,773	2,419	6,506	623	468	967
Mar.2016	19,950	17,501	13,605	3,184	5,707	603	419	1,475
Jun.2016	17,447	16,402	12,223	3,048	5,956	507	247	1,305
Sep.2016	20,062	15,084	12,246	2,520	5,250	546	207	881
Dec.2016	19,619	16,860	11,074	2,746	4,646	494	344	2,086
Mar.2017	16,848	16,942	10,125	2,369	5,002	551	232	777
Jun.2017	17,959	15,305	10,976	3,188	4,778	581	224	1,053
Sep.2017	17,209	18,042	9,753	3,526	4,575	636	343	1,792
Dec.2017	17,388	16,705	10,658	2,832	5,228	743	184	854
Mar.2018	18,984	22,242	11,331	3,711	4,310	694	208	596
Jun.2018	18,938	18,628	10,537	2,987	4,087	740	189	1,830
Sep.2018	18,085	16,016	11,466	2,711	4,202	711	182	2,752
Dec.2018	16,508	15,191	8,940	2,525	3,624	760	136	1,218
Mar.2019	13,576	15,713	8,331	2,440	3,538	827	172	866
Jun.2019	14,419	15,228	7,684	2,429	4,126	728	156	1,171
Sep.2019	11,713	13,814	7,887	2,748	3,500	769	133	775
Dec.2019	12,596	12,983	7,229	3,030	3,204	786	137	1,431
% change on previous quarter	7.5%	-6.0%	-8.3%	10.3%	-8.5%	2.2%	3.0%	84.6%
% change on same qtr prev year	-23.7%	-14.5%	-19.1%	20.0%	-11.6%	3.4%	0.7%	17.5%

Source: ABS 8752

ALTERATIONS AND ADDITIONS

The alterations and additions market is the most difficult sector to accurately measure and report upon. This is due to the significant amount of unreported owner/builder activity and the reporting arrangements of the Australian Bureau of Statistics. Under current requirements, only those jobs exceeding $10,000 in value and requiring a permit are reported. Other independent organisations have estimated that there are around 5 million jobs completed each year at an average value of $2,500.

Value of Loans for Alterations and Additions to Dwellings - ($M)

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT	Australia
Mar.2017	138.4	86.7	57.3	22.0	24.8	6.8	5.1	5.0	346.1
Apr.2017	115.3	71.1	47.6	15.3	12.7	3.2	1.0	3.5	269.6
May.2017	172.7	96.0	50.7	21.2	21.6	4.9	2.6	2.6	372.2
Jun.2017	152.5	89.9	51.5	16.5	17.0	4.6	1.9	4.0	337.8
Jul.2017	127.0	74.3	42.2	18.2	14.4	6.3	3.5	2.5	288.3
Aug.2017	150.3	85.9	58.2	21.7	19.2	3.7	1.2	2.9	343.2
Sep.2017	142.4	110.1	68.0	19.1	15.5	3.1	2.9	3.2	364.2
Oct.2017	131.9	92.5	56.7	21.7	17.8	4.6	4.3	6.0	335.6
Nov.2017	146.8	88.5	59.9	22.5	14.7	3.5	3.0	3.4	342.3
Dec.2017	118.5	77.9	45.1	17.9	16.1	4.6	1.8	2.5	284.4
Jan.2018	104.5	70.4	46.0	17.0	15.3	2.4	0.8	1.7	258.1
Feb.2018	113.7	75.1	44.6	14.2	13.1	4.4	0.9	2.2	268.0
Mar.2018	103.7	76.3	50.2	18.2	16.5	3.6	1.8	2.8	273.1
Apr.2018	99.7	63.4	38.0	15.8	12.1	4.0	-	-	236.1
May.2018	119.9	82.4	46.3	17.7	10.8	5.0	1.9	2.5	286.4
Jun.2018	94.3	78.1	44.3	18.7	15.3	4.2	1.5	2.1	258.5
Jul.2018	103.6	64.9	40.4	20.7	11.2	4.4	2.0	3.8	251.0
Aug.2018	97.5	68.5	41.8	17.4	11.3	4.6	-	-	246.0
Sep.2018	80.9	66.4	40.1	19.6	10.9	5.0	1.5	4.4	228.9
Oct.2018	90.0	60.5	44.7	17.4	15.5	5.5	2.3	5.8	241.7
Nov.2018	95.9	66.4	45.3	18.4	13.1	5.2	0.9	3.9	249.0
Dec.2018	113.7	65.2	35.5	17.2	11.9	3.4	2.2	4.2	253.3
Jan.2019	56.5	50.4	32.3	14.8	8.9	3.0	0.7	2.5	169.2
Feb.2019	86.6	65.2	42.5	14.1	13.7	4.0	1.0	4.8	231.9
Mar.2019	82.4	74.0	37.1	16.6	9.6	4.0	1.5	5.0	230.1
Apr.2019	81.0	60.0	35.8	15.0	12.3	3.0	1.2	2.7	211.0
May.2019	88.4	72.2	44.7	17.8	10.7	5.4	1.7	5.1	246.1
Jun.2019	80.0	68.4	38.9	18.4	8.0	4.4	0.5	5.0	223.5
Jul.2019	80.5	72.8	44.4	21.0	11.1	3.3	-	-	241.3
Aug.2019	84.4	68.6	42.8	22.2	13.0	6.4	-	-	243.1
Sep.2019	82.6	71.6	43.5	19.0	16.2	3.7	1.9	5.2	243.8
Oct.2019	102.4	72.8	61.8	22.1	16.7	5.0	1.6	4.0	286.4
Nov.2019	88.8	66.5	55.5	20.8	12.8	4.2	1.2	2.5	252.2
Dec.2019	83.3	65.9	49.5	19.5	12.5	3.4	0.0	5.8	239.9
Jan.2020	69.6	60.0	40.4	11.7	8.2	4.4	-	-	201.9
Feb.2020	77.3	66.7	44.0	15.2	17.0	3.5	0.7	6.6	231.0
Mar.2020	75.5	64.0	54.2	12.9	8.4	4.9	-	-	224.4
Annual growth %	*-8.4*	*-13.5*	*46.1*	*-22.3*	*-12.5*	*22.5*	-	-	*-2.5*

Source: ABS 5601

Consumer Price Index and Building Material Prices

The Consumer Price Index (CPI) measures quarterly changes in the price of a 'basket' of goods and services, which account for a high proportion of expenditure by the population. It is a measure of the cost of living. The Building Materials Price Index measures the changes in the prices of selected materials used in the construction of houses in the Statistical area for each State. The two series are directly comparable and the graphs below show the movements in the series over the past five years.

Consumer Price Index - Capital Cities

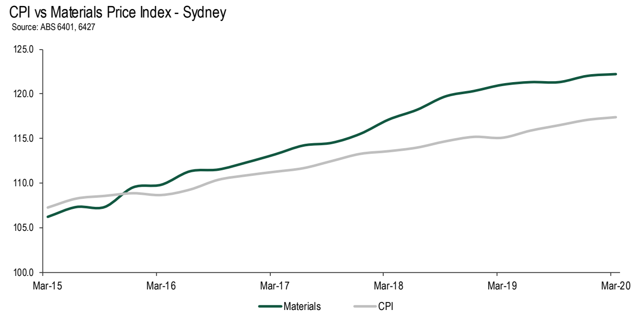
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Mar-2016	108.7	108.2	108.5	107.0	107.9	106.4	108.0	106.2
Jun-2016	109.3	108.6	109.0	107.5	108.2	106.4	108.3	106.4
Sep-2016	110.4	109.1	109.7	108.4	108.6	107.1	108.7	107.3
Dec-2016	110.9	109.9	110.2	108.7	109.0	108.0	108.6	107.9
Mar-2017	111.3	110.9	110.5	109.1	109.0	108.9	108.5	108.6
Jun-2017	111.7	111.0	111.0	109.2	109.0	108.9	108.8	108.6
Sep-2017	112.5	111.5	111.4	110.4	109.5	109.2	109.4	109.6
Dec-2017	113.3	112.3	112.3	111.2	109.9	110.3	109.7	110.3
Mar-2018	113.6	113.3	112.4	111.6	110.0	111.1	109.7	111.2
Jun-2018	114.0	113.8	112.9	112.1	110.2	111.5	110.1	111.6
Sep-2018	114.7	114.0	113.4	112.4	110.8	112.2	110.8	112.3
Dec-2018	115.2	114.6	114.0	113.0	111.3	113.6	111.0	113.1
Mar-2019	115.1	114.7	114.1	113.1	111.2	113.4	110.1	113.2
Jun-2019	115.9	115.3	114.8	113.7	112.0	114.1	111.0	113.5
Sep-2019	116.5	115.9	115.5	114.5	112.6	114.7	111.3	114.3
Dec-2019	117.1	116.9	116.3	115.4	113.1	116.7	111.5	115.0
Mar-2020	117.4	117.8	116.2	115.8	113.5	117.2	111.8	115.5
% change on previous quarter	0.3%	0.8%	-0.1%	0.3%	0.4%	0.4%	0.3%	0.4%
% change on same qtr prev year	2.0%	2.7%	1.8%	2.4%	2.1%	3.4%	1.5%	2.0%

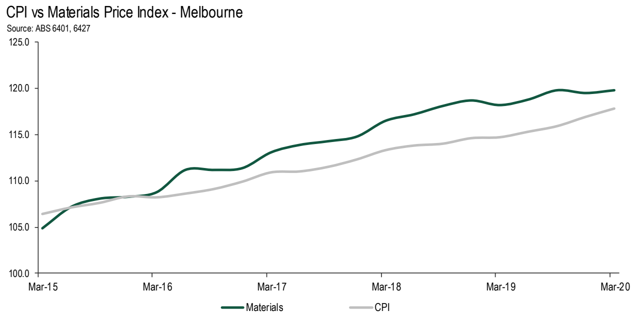
Source: ABS 640101:1&2

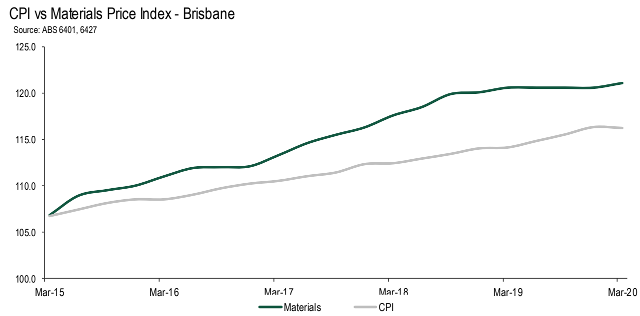
House Building Materials Price Index - Capital Cities

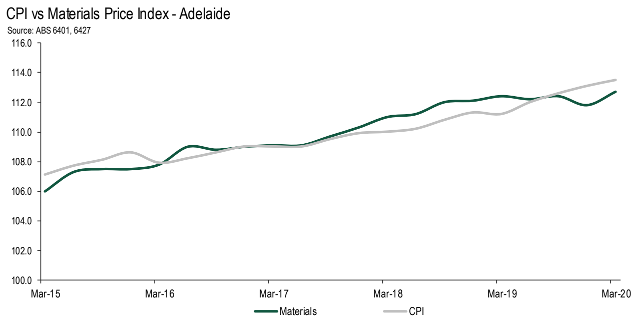
	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart
Mar-2016	109.8	108.8	111.0	108.5	107.8	106.3
Jun-2016	111.3	111.2	111.9	109.0	109.0	108.0
Sep-2016	111.5	111.2	112.0	108.9	108.8	107.1
Dec-2016	112.3	111.4	112.1	109.2	109.0	107.5
Mar-2017	113.2	113.1	113.3	110.8	109.1	108.7
Jun-2017	114.2	113.9	114.6	112.1	109.1	109.0
Sep-2017	114.5	114.3	115.5	112.4	109.7	108.7
Dec-2017	115.5	114.8	116.3	112.5	110.3	109.3
Mar-2018	117.1	116.5	117.6	113.0	111.0	110.4
Jun-2018	118.2	117.2	118.5	113.8	111.2	110.7
Sep-2018	119.7	118.1	119.9	115.9	112.0	111.7
Dec-2018	120.3	118.7	120.1	117.2	112.1	112.3
Mar-2019	121.0	118.2	120.6	117.3	112.4	113.6
Jun-2019	121.3	118.8	120.6	117.4	112.2	114.5
Sep-2019	121.3	119.8	120.6	117.7	112.4	114.3
Dec-2019	122.0	119.5	120.6	117.7	111.8	115.3
Mar-2020	122.2	119.8	121.1	118.0	112.7	115.9
% change on previous quarter	0.2%	0.3%	0.4%	0.3%	0.8%	0.5%
% change on same qtr prev year	1.0%	1.4%	0.4%	0.6%	0.3%	2.0%

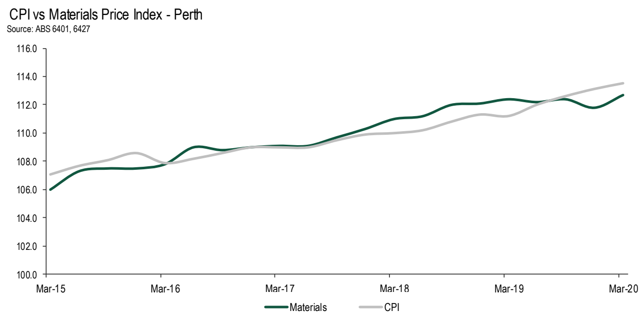
Source: ABS 64270:18

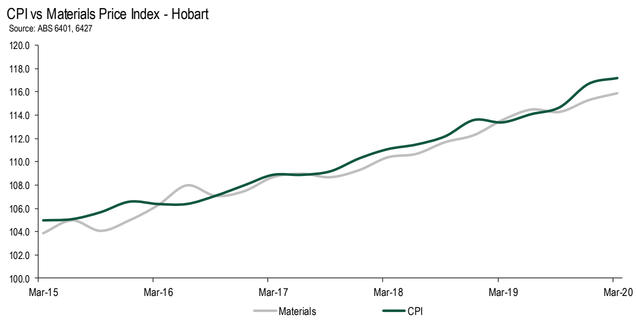

CPI vs Materials Price Index - Sydney
Source: ABS 6401, 6427
Materials
CPI


CPI vs Materials Price Index - Melbourne
Source: ABS 6401, 6427
Materials
CPI


CPI vs Materials Price Index - Brisbane
Source: ABS 6401, 6427
Materials
CPI


CPI vs Materials Price Index - Adelaide
Source: ABS 6401, 6427
Materials
CPI


CPI vs Materials Price Index - Perth
Source: ABS 6401, 6427
Materials
CPI


CPI vs Materials Price Index - Hobart
Source: ABS 6401, 6427
Materials
CPI

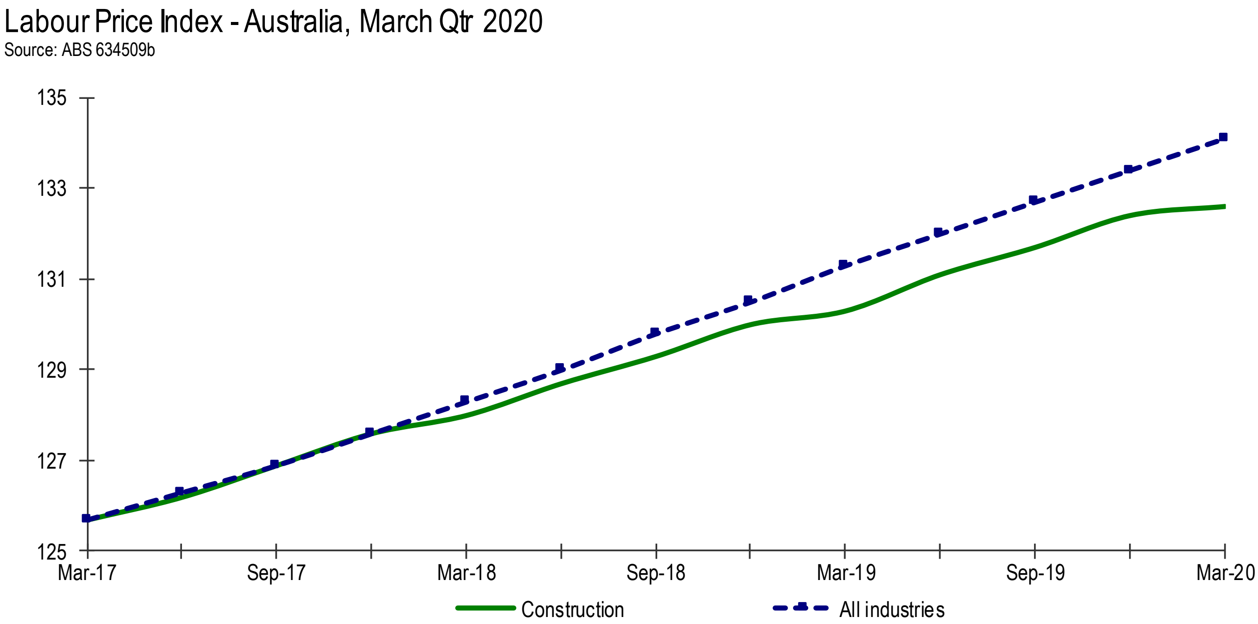
LABOUR PRICE INDEX

The Labour Price Index measures quarterly changes in wage and salary costs for employee jobs. These indexes were compiled for the first time for the December quarter 1997 (with a base of September quarter 1997 = 100.0). The methodology is similar to that used for other price indexes such as the Consumer Price Index.

Labour Price Index - Australia

	Construction	All Industries
Mar-19	130.3	131.3
Jun-19	131.1	132.0
Sep-19	131.7	132.7
Dec-19	132.4	133.4
Mar-20	132.6	134.1
% change on previous quarter	0.2%	0.5%
% change on same qtr prev year	1.8%	2.1%

Source: ABS 634509b



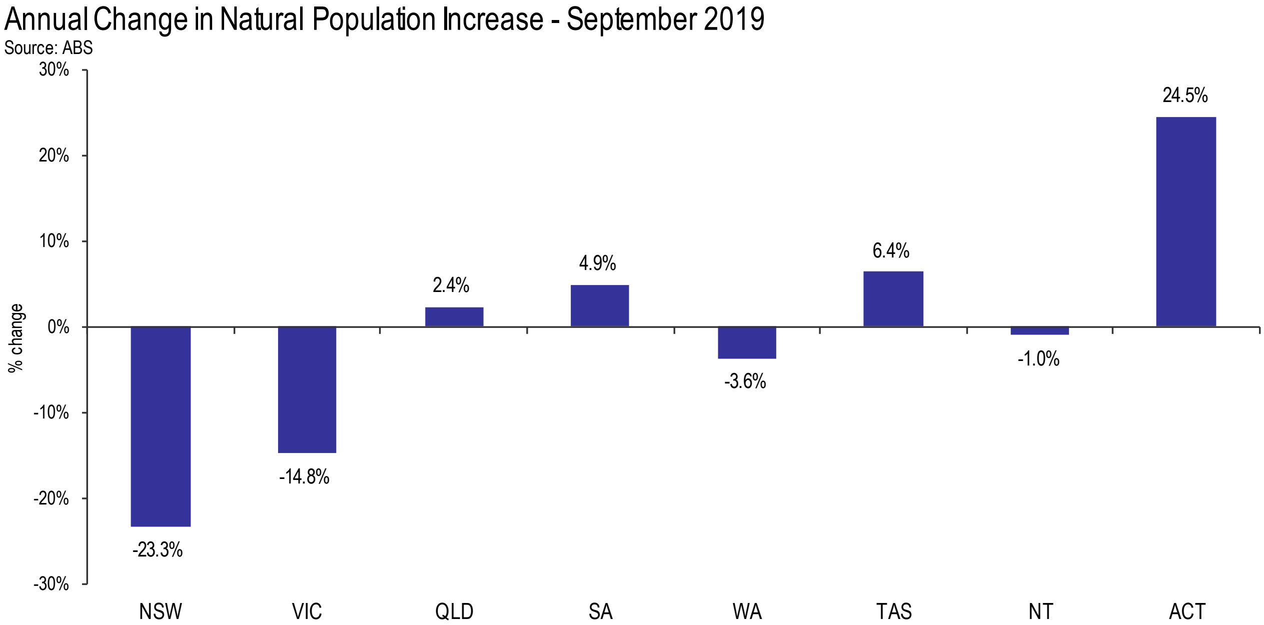
Population and Migration

Population growth is one of the main drivers of new housing activity. Below is a graph and table showing the estimated residential population as at the latest quarter and shows the growth in population.

Natural Population Increase - All States

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-2015	10,185	9,224	7,576	1,205	4,880	117	674	896
Dec-2015	11,479	10,306	7,410	1,671	5,205	248	623	962
Mar-2016	12,677	10,943	9,012	1,970	5,821	499	754	998
Jun-2016	11,814	9,652	8,388	1,693	5,456	330	786	878
Sep-2016	10,332	9,347	7,657	1,370	4,731	242	690	912
Dec-2016	11,344	9,564	7,296	1,283	4,953	214	700	883
Mar-2017	12,366	10,692	7,949	1,726	5,260	279	687	941
Jun-2017	10,695	9,395	7,705	1,304	5,196	295	784	807
Sep-2017	8,451	8,304	6,696	922	4,591	-82	604	804
Dec-2017	10,889	10,309	6,754	1,110	4,924	213	621	813
Mar-2018	12,484	10,665	8,262	1,736	5,140	387	671	834
Jun-2018	11,430	9,851	7,644	1,263	4,653	185	718	747
Sep-2018	12,675	10,087	6,719	1,037	4,439	219	586	726
Dec-2018	10,654	8,984	7,430	1,175	4,001	403	530	919
Mar-2019	10,744	5,107	7,785	1,680	4,798	291	706	901
Jun-2019	11,484	13,165	7,948	1,443	4,826	246	702	863
Sep-2019	9,716	8,593	6,878	1,088	4,277	233	580	904
% change on same qtr prev year	-23.3%	-14.8%	2.4%	4.9%	-3.6%	6.4%	-1.0%	24.5%

Source: ABS 310102



Net Overseas Migration - All States

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-2015	20,471	18,147	4,594	2,709	3,304	486	-284	952
Dec-2015	17,230	14,782	3,227	2,149	1,599	251	-262	296
Mar-2016	26,055	24,794	9,874	3,898	5,362	771	615	1,643
Jun-2016	16,251	14,492	7,257	2,527	1,356	263	979	439
Sep-2016	30,126	24,517	9,353	3,418	3,803	554	560	1,322
Dec-2016	23,770	19,105	5,943	2,264	1,442	689	-67	443
Mar-2017	33,051	31,795	11,370	4,219	5,141	828	434	1,930
Jun-2017	18,555	15,826	7,409	2,274	1,623	273	918	453
Sep-2017	28,130	24,565	7,040	3,571	3,720	987	100	1,629
Dec-2017	15,192	14,946	1,818	2,039	1,218	483	-210	336
Mar-2018	30,281	30,962	11,337	4,715	4,733	815	317	1,941
Jun-2018	17,047	16,495	7,546	2,399	2,309	518	551	692
Sep-2018	27,542	25,574	9,596	4,319	4,361	1,129	51	1,259
Dec-2018	18,369	15,706	4,714	2,370	2,940	686	-483	24
Mar-2019	28,504	31,709	11,895	4,938	6,335	1,044	468	1,679
Jun-2019	11,740	11,490	6,168	2,432	2,079	133	682	148
Sep-2019	23,052	23,208	8,593	4,435	5,717	672	-278	874
% change on same qtr prev year	-16.3%	-9.3%	-10.5%	2.7%	31.1%	-40.5%	-645.1%	-30.6%

Source: ABS 310102

Net Interstate Migration - All States

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-2015	-2,006	2,661	2,119	-1,272	-1,425	315	-298	-96
Dec-2015	-3,131	5,197	3,250	-1,972	-2,651	-185	-626	113
Mar-2016	-3,262	4,602	3,187	-1,865	-2,511	240	-612	214
Jun-2016	-3,140	5,179	3,430	-2,103	-3,423	390	-493	152
Sep-2016	-2,392	3,155	3,492	-1,356	-2,886	250	-407	144
Dec-2016	-4,253	6,003	4,928	-2,422	-4,313	347	-971	681
Mar-2017	-4,381	5,234	4,208	-1,483	-3,398	437	-922	305
Jun-2017	-4,135	3,801	5,167	-1,517	-3,337	488	-567	100
Sep-2017	-3,986	2,930	5,402	-1,304	-2,740	542	-656	-188
Dec-2017	-6,797	4,421	7,733	-1,767	-3,343	416	-1,118	455
Mar-2018	-5,588	3,947	5,702	-1,091	-2,620	750	-1,222	122
Jun-2018	-5,301	3,018	5,861	-989	-2,597	674	-835	169
Sep-2018	-4,427	2,599	5,020	-761	-1,744	530	-745	-472
Dec-2018	-6,581	3,645	7,213	-1,383	-2,542	568	-1,414	494
Mar-2019	-5,686	3,518	5,175	-902	-1,142	482	-1,262	-183
Jun-2019	-5,369	2,436	5,423	-912	-1,023	428	-950	-33
Sep-2019	-4,609	2,030	5,470	-992	-946	138	-669	-422
% change on same qtr prev year	-3.9%	-21.9%	9.0%	-23.3%	84.4%	-74.0%	11.4%	11.8%

Source: ABS 310102

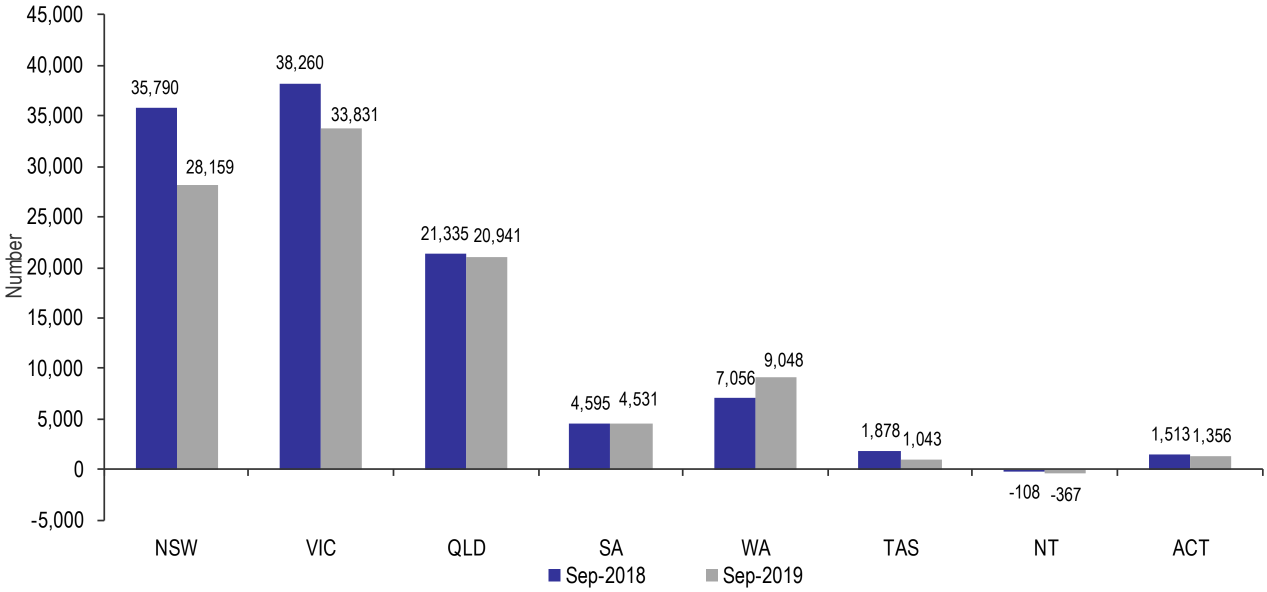
Total Population Growth - All States

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Sep-2015	29,156	35,236	13,828	3,035	4,837	580	-122	1,727
Dec-2015	26,077	35,491	13,413	2,234	2,236	-3	-480	1,334
Mar-2016	36,011	45,578	21,605	4,397	6,761	1,167	537	2,799
Jun-2016	25,446	34,545	18,614	2,509	1,472	653	1,051	1,431
Sep-2016	38,066	37,019	20,502	3,432	5,648	1,046	843	2,378
Dec-2016	30,861	34,672	18,167	1,125	2,082	1,250	-338	2,007
Mar-2017	41,036	47,721	23,527	4,462	7,003	1,544	199	3,176
Jun-2017	25,115	29,022	20,281	2,061	3,482	1,056	1,135	1,360
Sep-2017	32,595	35,799	19,138	3,189	5,571	1,447	48	2,245
Dec-2017	19,284	29,676	16,305	1,382	2,799	1,112	-707	1,604
Mar-2018	37,177	45,574	25,301	5,360	7,253	1,952	-234	2,897
Jun-2018	23,176	29,364	21,051	2,673	4,365	1,377	434	1,608
Sep-2018	35,790	38,260	21,335	4,595	7,056	1,878	-108	1,513
Dec-2018	22,442	28,335	19,357	2,162	4,399	1,657	-1,367	1,437
Mar-2019	33,562	40,334	24,855	5,716	9,991	1,817	-88	2,397
Jun-2019	17,855	27,091	19,539	2,963	5,882	807	434	978
Sep-2019	28,159	33,831	20,941	4,531	9,048	1,043	-367	1,356
% change on same qtr prev year	-21.3%	-11.6%	-1.8%	-1.4%	28.2%	-44.5%	-70.6%	-10.4%

Source: ABS 310102

Total Population Growth - Persons

Source: ABS Population Change



Construction Labour Force

The graph and table below show movements in the number of people employed in the construction industry over the past quarter.

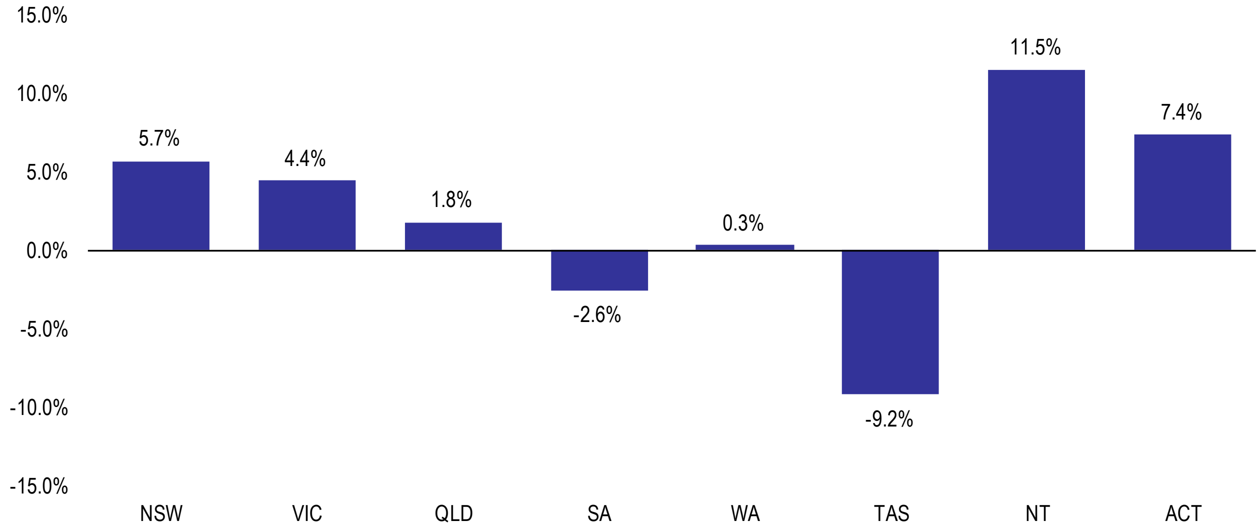
Employed Persons in the Construction Industry - All States ('000)

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Feb-2015	306.7	248.8	217.7	58.1	133.3	17.9	15.5	17.1
May-2015	319.1	252.0	205.9	63.8	150.4	17.1	15.3	15.5
Aug-2015	304.6	250.6	191.5	60.2	157.1	19.8	16.9	15.6
Nov-2015	312.7	270.4	203.6	60.1	146.7	21.6	16.8	13.9
Feb-2016	299.3	286.3	215.3	58.3	139.3	20.1	15.7	14.3
May-2016	343.2	278.7	222.8	60.7	135.1	18.5	14.1	14.2
Aug-2016	338.2	259.1	213.7	62.7	120.8	18.7	14.7	14.2
Nov-2016	339.7	255.9	225.1	68.0	123.4	21.2	13.6	15.1
Feb-2017	363.9	263.9	227.6	68.9	130.7	24.8	14.3	14.0
May-2017	337.9	281.5	250.7	64.5	143.5	23.8	14.0	15.2
Aug-2017	358.7	287.4	242.2	64.2	140.8	20.1	15.7	16.6
Nov-2017	379.7	291.3	235.6	67.9	139.0	21.4	14.1	15.1
Feb-2018	391.6	308.4	240.9	63.4	137.4	25.5	14.4	14.8
May-2018	362.1	331.0	236.6	69.3	124.4	26.1	13.8	14.6
Aug-2018	383.8	316.6	234.2	72.9	121.2	21.0	13.1	13.4
Nov-2018	396.1	296.9	224.1	70.8	122.6	19.8	11.4	15.7
Feb-2019	357.8	298.8	248.4	72.1	119.7	21.7	11.0	17.4
May-2019	370.7	316.2	236.6	78.0	129.5	22.4	9.0	19.9
Aug-2019	366.0	306.1	248.6	77.8	122.1	19.2	9.8	19.4
Nov-2019	363.0	337.4	247.6	69.7	121.2	19.2	10.8	18.9
Feb-2020	378.2	312.1	252.9	70.2	120.0	19.7	12.3	18.7
% change on same qtr prev year	**5.7%**	**4.4%**	**1.8%**	**-2.6%**	**0.3%**	**-9.2%**	**11.5%**	**7.4%**

Source: ABS Labour Force 6291.0.55.003

Quarterly Change in Persons Employed in the Construction Industry - Feb Qtr 2019 v Feb Qtr 2020

Source: ABS Labour Force

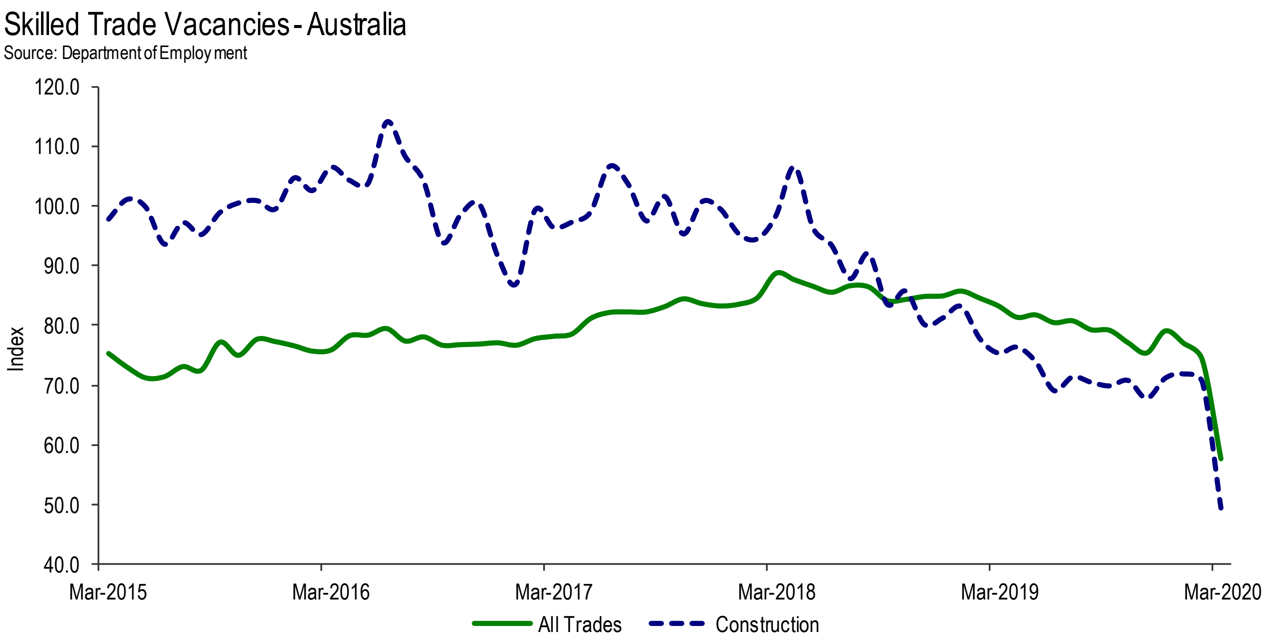


Skilled Vacancies

The Skilled Vacancies Index is based on a count of skilled vacancies in the major metropolitan newspaper of each State and the Northern Territory, usually on the first Saturday of each month. The data published are trend data with November 1997=100.

	NSW	VIC	QLD	SA	WA	TAS	NT	ACT
Mar.2018	137.3	138.1	55.3	53.8	119.9	38.3	82.2	335.1
Apr.2018	139.2	152.0	55.3	58.4	121.5	60.4	77.2	340.7
May.2018	126.7	139.8	50.3	59.2	121.4	44.5	71.6	289.4
Jun.2018	123.7	136.1	49.3	59.4	111.1	43.1	61.8	308.7
July.2018	111.7	133.3	48.4	62.2	110.8	39.6	51.6	266.3
Aug.2018	121.5	137.4	47.2	59.0	114.4	47.7	51.3	310.3
Sep.2018	112.8	119.8	44.0	55.6	107.0	50.8	54.4	276.2
Oct.2018	107.8	131.8	44.8	55.7	98.4	50.1	61.3	289.5
Nov.2018	112.4	118.4	36.4	47.9	96.7	37.4	75.6	332.5
Dec.2018	114.7	109.4	40.2	49.6	107.2	39.8	64.8	461.8
Jan.2019	112.7	119.8	41.3	52.9	109.4	51.0	62.5	357.7
Feb.2019	100.0	110.1	39.8	50.9	106.9	28.0	37.7	393.5
Mar.2019	97.3	111.7	35.9	49.5	107.0	69.6	43.3	279.9
Apr.2019	90.6	105.8	36.3	54.8	120.6	51.7	56.6	347.9
May.2019	93.6	101.4	36.1	41.9	119.0	46.6	43.5	400.0
Jun.2019	89.4	95.4	33.0	50.7	109.4	38.4	21.5	342.3
July.2019	88.5	102.2	34.2	46.0	106.3	48.4	69.0	411.3
Aug.2019	84.8	100.2	36.2	55.3	106.2	55.8	39.4	340.8
Sep.2018	86.3	99.2	34.8	50.5	102.6	43.6	60.5	366.9
Oct.2019	89.2	99.5	33.6	48.2	112.4	50.7	37.8	362.2
Nov.2019	79.5	98.9	34.8	45.6	104.4	51.1	32.4	313.1
Dec.2019	84.0	108.7	36.2	44.0	114.3	41.0	61.1	372.7
Jan.2020	86.7	94.6	38.7	47.3	133.9	52.2	42.5	330.3
Feb.2020	81.0	100.5	35.4	42.4	127.0	41.3	43.9	319.9
Mar.2020	62.4	58.3	28.2	37.0	90.7	26.1	23.3	300.8
% change on previous month	**-23.0%**	**-42.0%**	**-20.3%**	**-12.7%**	**-28.6%**	**-36.8%**	**-46.9%**	**-6.0%**

Source: Department of Employment



DWELLING PRICE INDICES

There are four dwelling price indexes in this section which track movements in housing price levels within the eight Greater Capital City Statistical Areas.

The **Established House Price Index** measures price movements in all detached houses. Detached houses are defined as detached residential dwellings on their own block of land regardless of age (i.e. including new houses sold as a house/land package as well as second hand houses).

The **Attached Dwelling Index** measures price movements in multi-unit dwellings. Attached dwellings are those which share a structural component with one or more other buildings (e.g. walls, ceiling, floor or roofing). For example, flats, units and apartments, semi-detached, row and terraced houses.

The **Residential Property Index** measures the aggregate of all dwelling price movements including detached houses and attached dwellings.

The **Price of New Dwelling Purchased by Owner-occupiers Index** measures price movements of new homes purchased by owner-occupiers excluding land. The index is also influenced by price movements of major improvements to dwellings and appliances installed in dwellings.

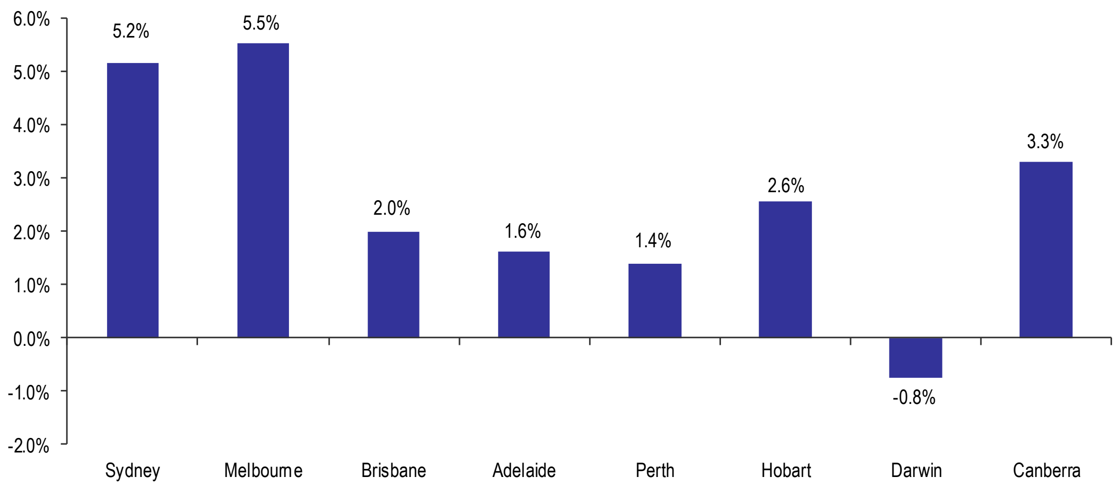
ABS Established House Price Index - Capital Cities

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Dec-2014	135.2	116.6	113.2	108.6	115.3	106.0	114.0	105.5
Mar-2015	140.3	118.0	113.5	109.4	115.3	106.5	113.9	107.1
Jun-2015	154.0	123.5	114.5	110.0	114.2	106.6	113.3	108.2
Sep-2015	159.1	127.5	116.4	111.4	111.4	107.0	112.9	110.2
Dec-2015	155.7	129.8	118.4	112.8	111.9	109.8	110.8	113.7
Mar-2016	154.8	131.6	118.6	113.5	109.9	110.8	107.7	113.6
Jun-2016	159.7	135.7	120.0	114.6	108.8	111.5	105.6	116.8
Sep-2016	164.4	138.5	120.4	115.7	106.8	113.9	103.3	117.7
Dec-2016	174.4	146.8	123.9	117.7	107.7	118.9	102.1	121.2
Mar-2017	179.5	152.8	123.7	119.8	106.4	122.6	101.7	125.6
Jun-2017	183.3	157.4	124.7	120.4	105.8	125.1	100.6	127.3
Sep-2017	180.9	159.9	125.5	121.0	104.9	128.8	98.1	127.5
Dec-2017	180.5	164.0	127.2	121.8	106.3	133.9	97.1	129.6
Mar-2018	178.0	163.1	126.2	123.0	105.2	140.5	96.9	131.5
Jun-2018	175.8	161.5	127.3	123.3	105.4	144.5	96.2	132.2
Sep-2018	172.1	156.6	128.3	123.8	104.9	145.8	96.2	132.8
Dec-2018	165.4	151.6	127.0	123.9	104.0	146.2	96.3	132.3
Mar-2019	158.4	146.0	125.1	123.7	102.6	145.9	94.4	130.8
Jun-2019	158.1	144.5	124.0	122.8	101.5	146.4	93.0	131.6
Sep-2019	164.4	149.9	125.1	122.4	99.8	148.6	92.4	129.7
Dec-2019	172.9	158.2	127.6	124.4	101.2	152.4	91.7	134.0
% change on previous quarter	5.2%	5.5%	2.0%	1.6%	1.4%	2.6%	-0.8%	3.3%
% change on same qtr prev year	4.5%	4.4%	0.5%	0.4%	-2.7%	4.2%	-4.8%	1.3%

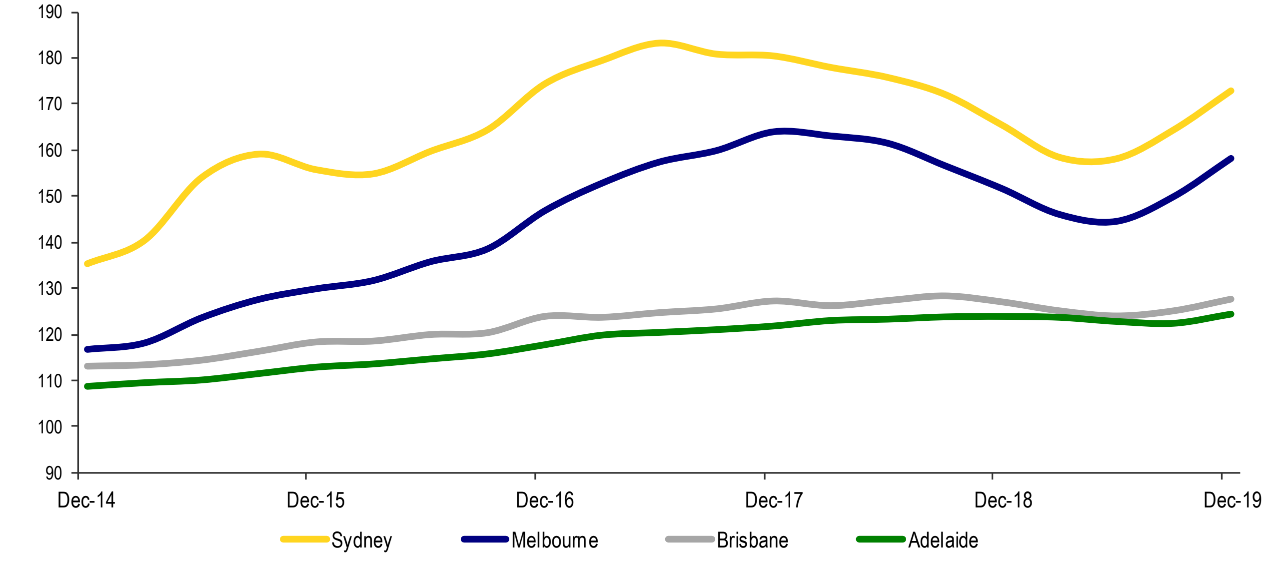
Source: ABS 6416.0

Quarterly Growth in Established House Price Index December Qtr 2019

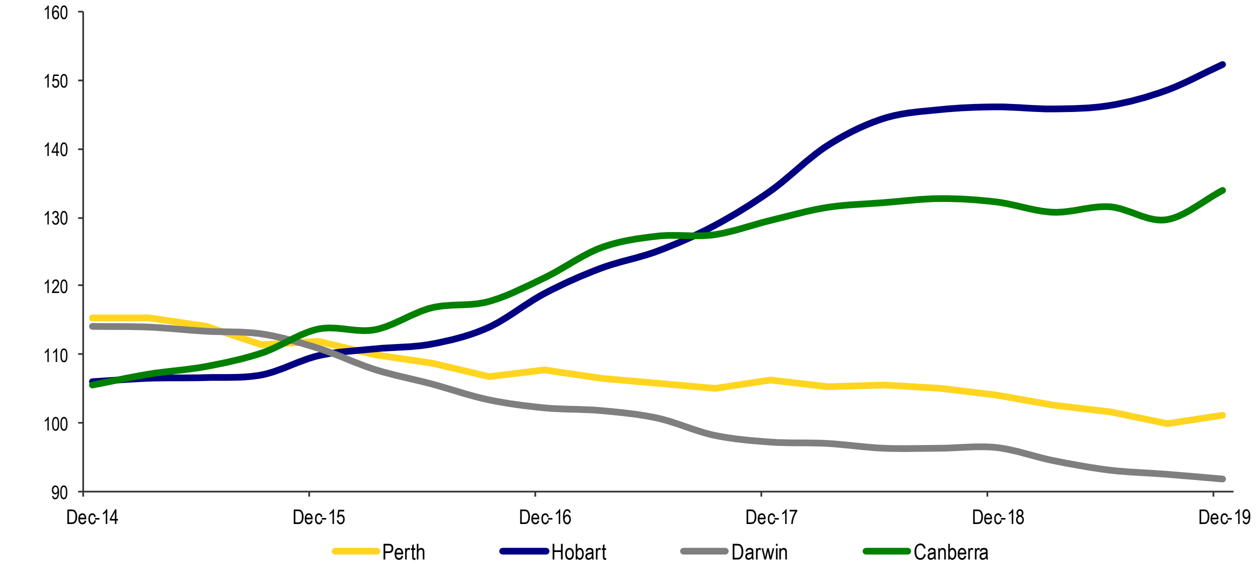
Source: ABS 6416.0



Established House Price Index
Source: ABS 6416.0



Established House Price Index
Source: ABS 6416.0



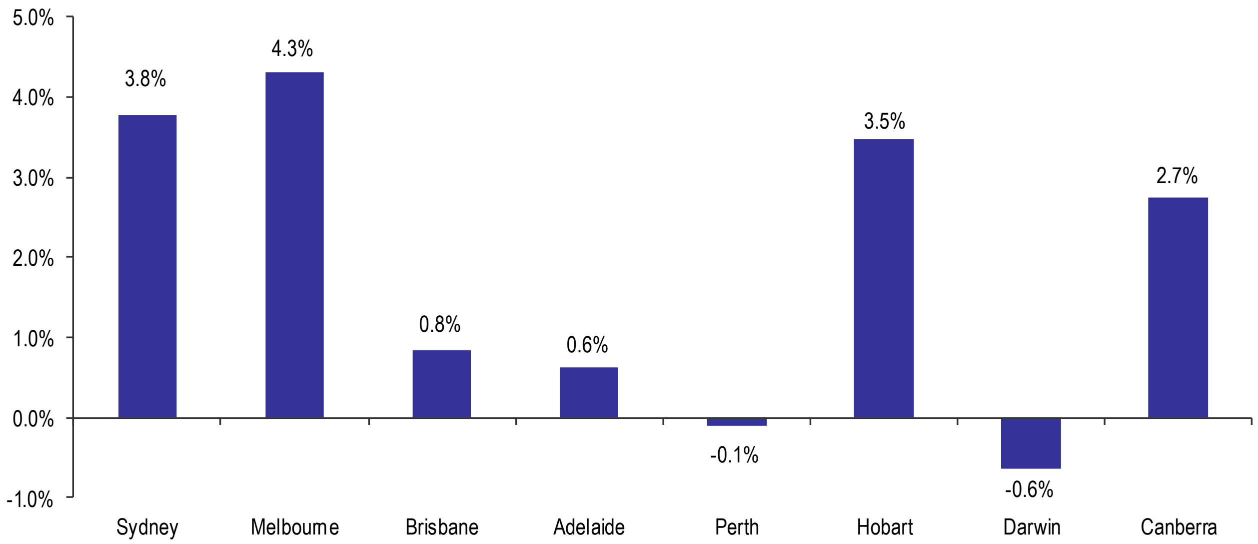
ABS Attached Dwelling Price Index - Capital Cities

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Dec-2014	129.6	110.6	108.5	102.4	110.9	100.9	113.3	100.3
Mar-2015	132.4	109.7	109.3	102.3	110.6	101.4	112.7	100.0
Jun-2015	141.6	112.4	110.1	102.4	109.9	100.9	111.2	100.0
Sep-2015	145.2	114.2	110.3	103.7	107.6	102.1	110.4	99.4
Dec-2015	144.1	115.5	110.8	103.3	107.8	104.1	108.5	100.7
Mar-2016	143.2	114.0	111.6	102.9	106.6	106.5	108.6	99.6
Jun-2016	146.1	115.5	112.7	103.1	104.8	107.9	104.9	99.6
Sep-2016	149.2	115.9	112.0	103.8	104.0	110.2	105.7	100.4
Dec-2016	153.8	119.2	110.5	106.3	102.2	116.2	103.1	102.7
Mar-2017	159.1	118.4	111.2	106.2	101.3	122.1	100.9	102.5
Jun-2017	163.2	121.6	111.2	108.2	99.8	122.8	99.1	103.3
Sep-2017	160.9	121.1	111.6	109.7	98.5	130.0	96.3	102.2
Dec-2017	160.9	124.2	110.3	109.9	98.3	135.1	93.6	104.1
Mar-2018	159.7	123.6	110.6	108.3	98.1	135.9	90.4	102.9
Jun-2018	157.7	123.3	111.0	109.5	96.9	141.3	88.9	103.8
Sep-2018	155.6	121.9	110.8	110.8	95.8	145.5	86.5	104.5
Dec-2018	150.6	121.7	109.3	110.6	94.4	150.3	84.6	104.7
Mar-2019	145.6	116.6	107.6	110.5	94.3	148.5	83.3	104.6
Jun-2019	144.1	116.2	107.5	110.5	91.9	149.9	81.1	103.3
Sep-2019	148.2	120.4	107.9	110.1	92.8	150.0	79.0	105.8
Dec-2019	153.8	125.6	108.8	110.8	92.7	155.2	78.5	108.7
% change on previous quarter	3.8%	4.3%	0.8%	0.6%	-0.1%	3.5%	-0.6%	2.7%
% change on same qtr prev year	2.1%	3.2%	-0.5%	0.2%	-1.8%	3.3%	-7.2%	3.8%

Source: ABS 6416

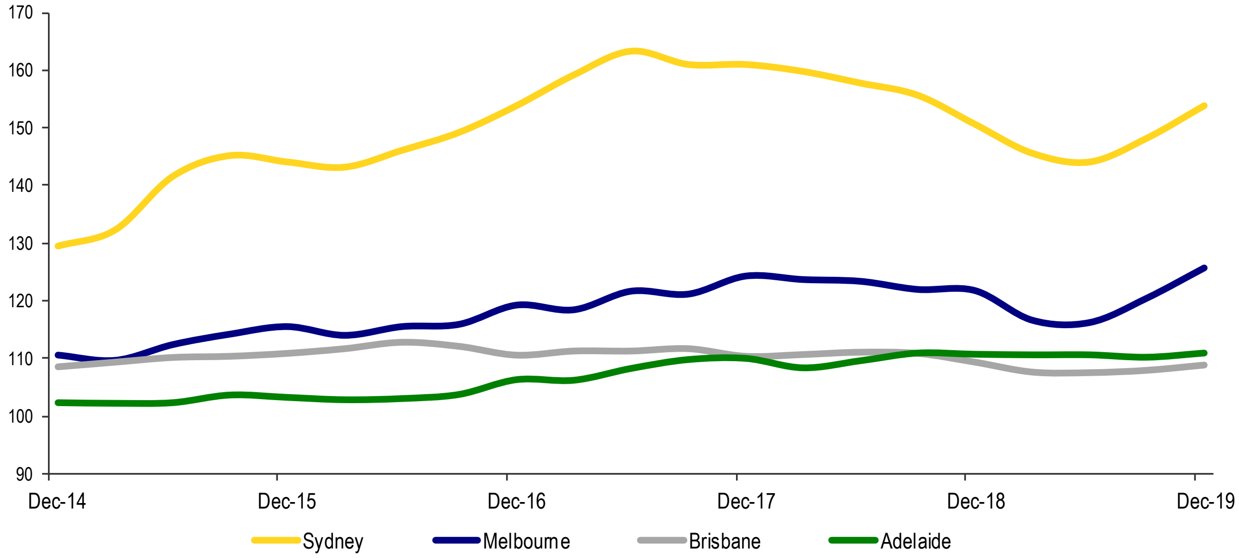
Quarterly Growth in Attached Dwelling Price Index December Qtr 2019

Source: ABS 6416.0



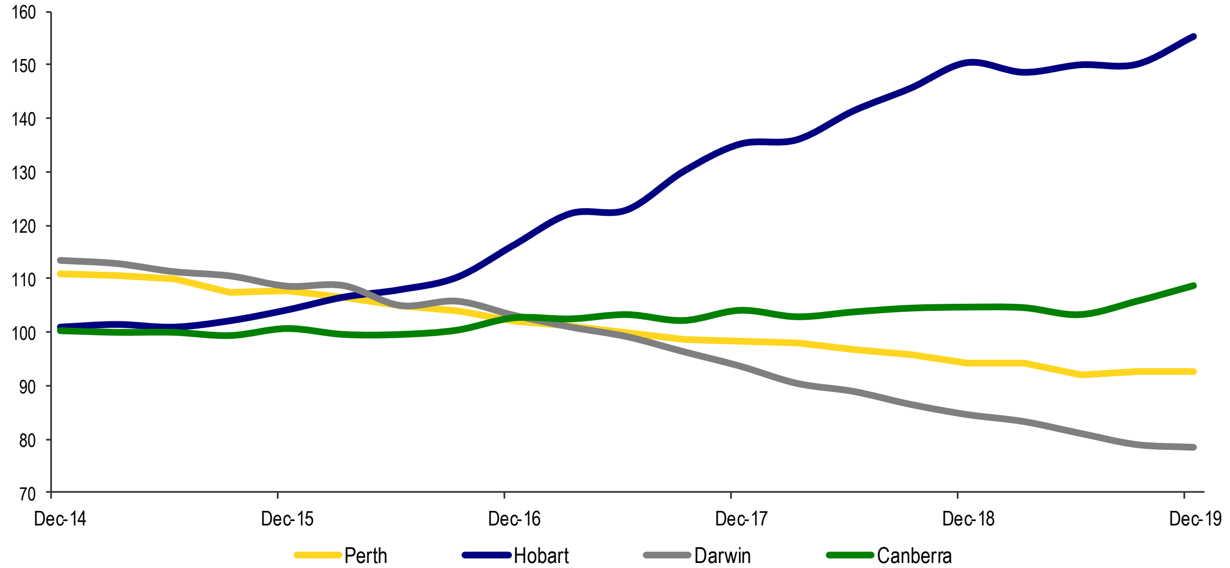
Attached Dwelling Price Index

Source: ABS 6416.0



Attached Dwelling Price Index

Source: ABS 6416.0



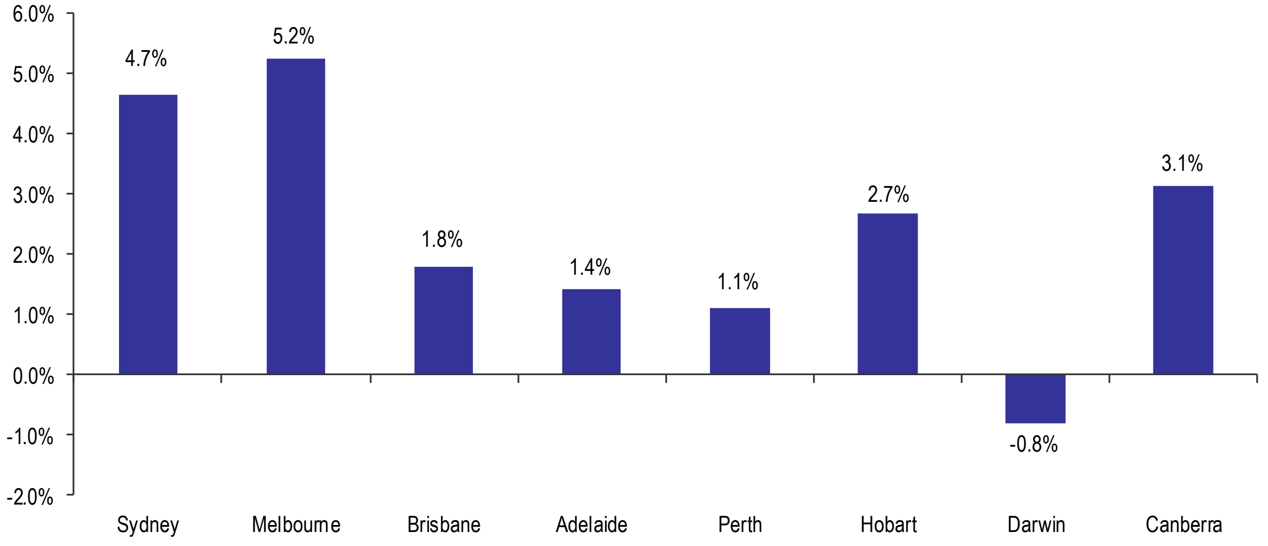
ABS Residential Property Price Index - Capital Cities

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Dec-2014	133.4	115.2	112.3	107.3	114.5	105.2	113.7	104.3
Mar-2015	137.6	115.9	112.7	108.0	114.4	105.7	113.5	105.4
Jun-2015	149.8	120.8	113.7	108.5	113.4	105.7	112.6	106.2
Sep-2015	154.4	124.3	115.2	109.8	110.7	106.2	112.1	107.6
Dec-2015	151.9	126.3	117.0	110.8	111.2	108.9	110.1	110.6
Mar-2016	150.9	127.3	117.3	111.4	109.3	110.1	107.9	110.2
Jun-2016	155.2	130.7	118.6	112.3	108.0	110.9	105.3	112.6
Sep-2016	159.3	132.9	118.8	113.3	106.3	113.4	104.0	113.5
Dec-2016	167.6	140.0	121.4	115.3	106.6	118.5	102.4	116.7
Mar-2017	172.7	144.4	121.4	117.0	105.5	122.5	101.5	120.0
Jun-2017	176.6	148.7	122.1	117.9	104.7	124.7	100.1	121.5
Sep-2017	174.2	150.4	122.9	118.7	103.7	129.0	97.5	121.3
Dec-2017	174.0	154.3	124.0	119.4	104.8	134.0	96.0	123.4
Mar-2018	171.9	153.4	123.3	120.0	103.9	139.8	94.9	124.5
Jun-2018	169.8	152.1	124.2	120.4	103.8	144.0	94.0	125.2
Sep-2018	166.6	148.1	125.0	121.1	103.2	145.8	93.2	125.8
Dec-2018	160.5	144.5	123.6	121.2	102.2	146.8	92.6	125.6
Mar-2019	154.2	139.0	121.7	121.0	101.1	146.2	90.9	124.5
Jun-2019	153.5	137.9	120.9	120.3	99.7	146.9	89.3	124.7
Sep-2019	159.0	142.9	121.8	119.9	98.5	148.8	88.2	124.1
Dec-2019	166.4	150.4	124.0	121.6	99.6	152.8	87.5	128.0
% change on previous quarter	4.7%	5.2%	1.8%	1.4%	1.1%	2.7%	-0.8%	3.1%
% change on same qtr prev year	3.7%	4.1%	0.3%	0.3%	-2.5%	4.1%	-5.5%	1.9%

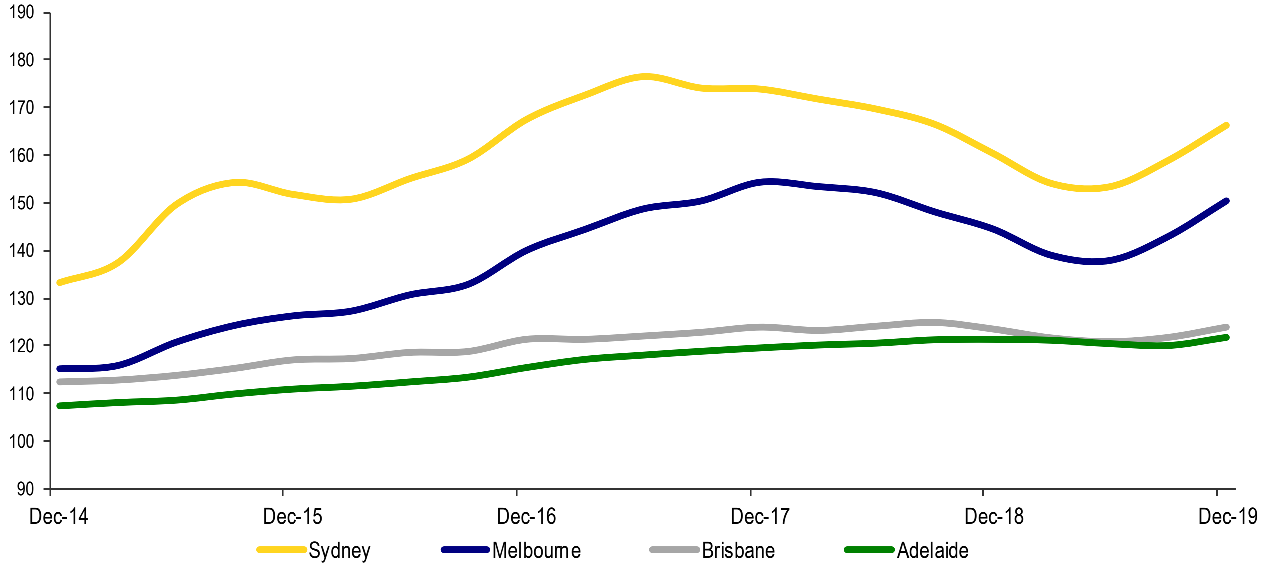
Source: ABS 6416

Quarterly Growth in Residential Property Price Index December Qtr 2019

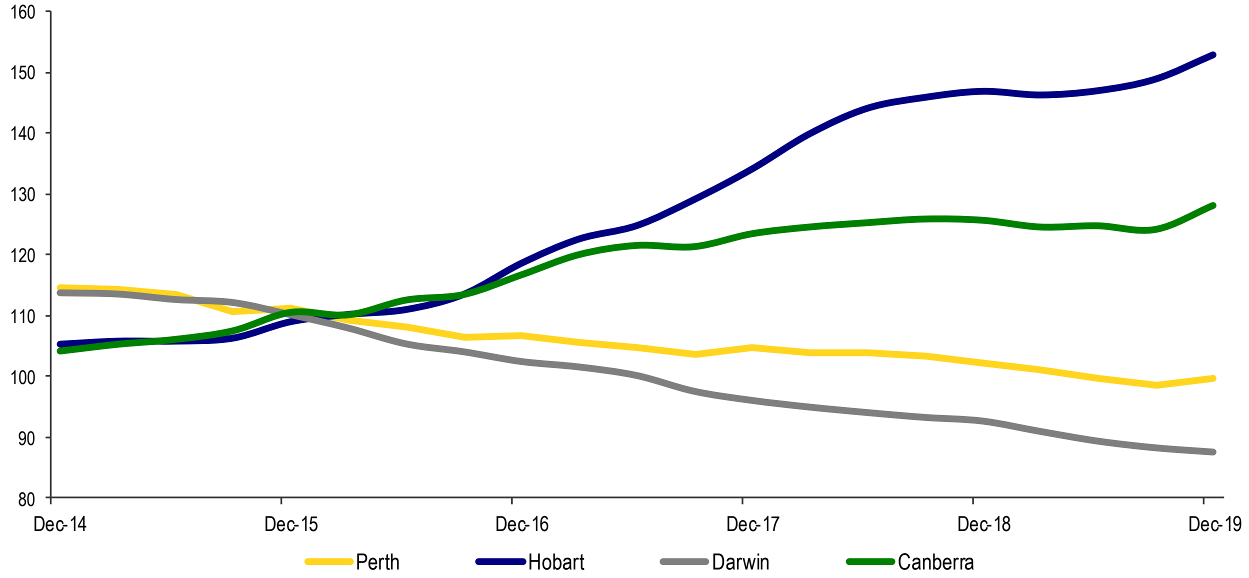
Source: ABS 6416.0



Residential Property Price Index
Source: ABS 6416.0



Residential Property Price Index
Source: ABS 6416.0



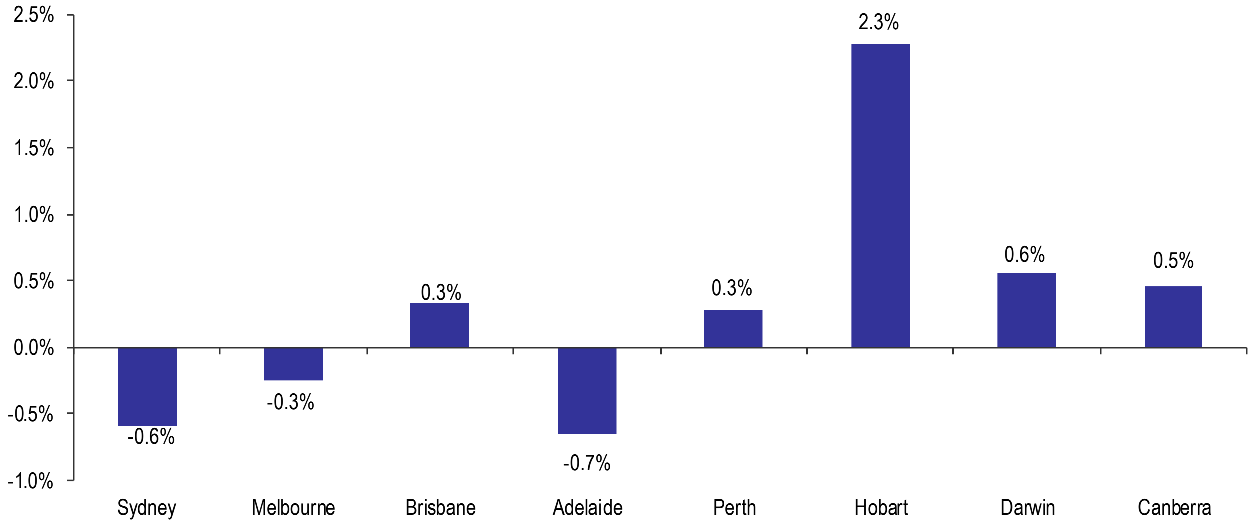
ABS New Dwelling Purchased by Owner-occupiers Price Index - Capital Cities

	Sydney	Melbourne	Brisbane	Adelaide	Perth	Hobart	Darwin	Canberra
Dec-2014	112.4	105.6	108.5	100.7	109.5	97.0	106.4	100.7
Mar-2015	113.8	106.4	110.4	101.0	110.4	97.3	106.3	101.8
Jun-2015	116.2	106.3	111.0	102.5	111.2	98.2	106.6	101.1
Sep-2015	119.0	108.4	112.1	102.8	111.9	99.2	107.0	99.8
Dec-2015	120.3	109.3	112.8	102.9	111.6	102.6	106.9	99.8
Mar-2016	120.1	109.7	112.8	103.1	111.9	103.3	107.0	100.1
Jun-2016	120.7	110.3	113.3	103.4	109.4	104.8	107.2	101.8
Sep-2016	122.5	111.3	114.3	103.8	109.3	104.9	107.4	102.3
Dec-2016	123.1	112.2	114.8	103.9	108.9	105.3	107.3	102.4
Mar-2017	124.1	113.3	114.9	103.7	109.1	105.1	107.3	102.8
Jun-2017	125.7	114.4	117.1	104.0	108.2	105.5	107.5	103.4
Sep-2017	127.0	115.4	118.9	104.0	108.1	105.8	107.7	103.9
Dec-2017	128.3	117.1	118.5	104.5	108.3	106.3	107.8	104.8
Mar-2018	128.9	118.1	119.6	105.7	108.1	107.0	108.0	106.2
Jun-2018	130.7	118.7	120.6	107.5	106.2	107.6	108.1	106.8
Sep-2018	131.7	121.3	120.9	107.3	105.8	110.3	108.1	107.9
Dec-2018	132.6	120.4	121.5	106.4	105.8	111.1	108.4	109.0
Mar-2019	133.6	120.8	121.2	107.0	106.0	111.0	108.6	110.0
Jun-2019	134.5	119.4	120.8	107.4	106.0	111.7	107.5	109.6
Sep-2019	134.4	118.9	120.1	107.4	106.6	114.1	107.5	109.8
Dec-2019	133.6	118.6	120.5	106.7	106.9	116.7	108.1	110.3
% change on previous quarter	-0.6%	-0.3%	0.3%	-0.7%	0.3%	2.3%	0.6%	0.5%
% change on same qtr prev year	0.8%	-1.5%	-0.8%	0.3%	1.0%	5.0%	-0.3%	1.2%

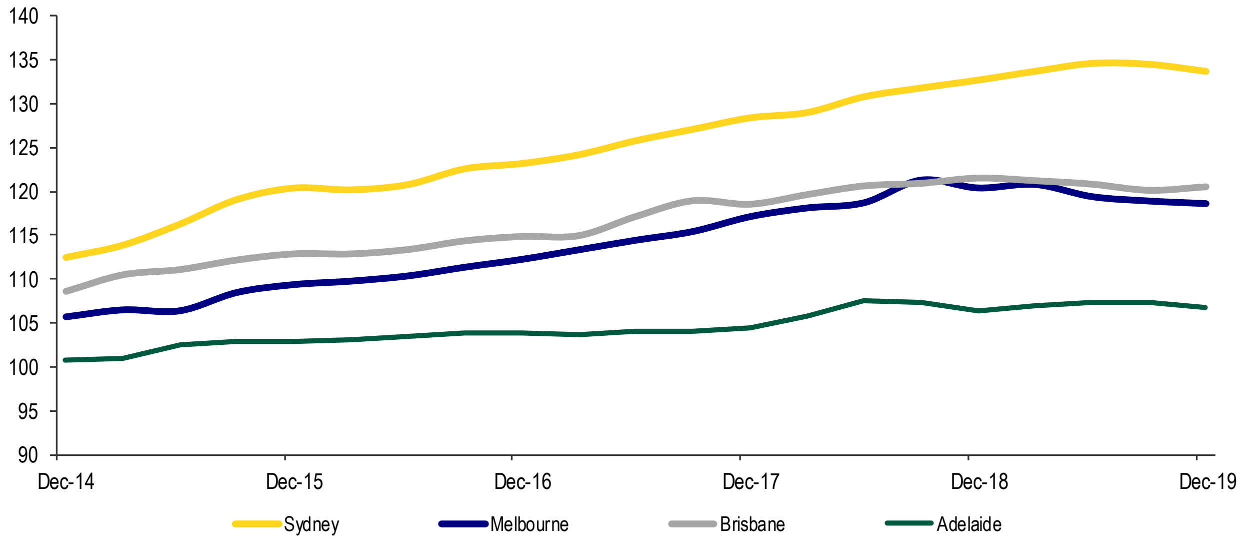
Source: ABS 6401

Quarterly Growth in New Dwelling Purchased by Owner-occupiers Price Index December Qtr 2019

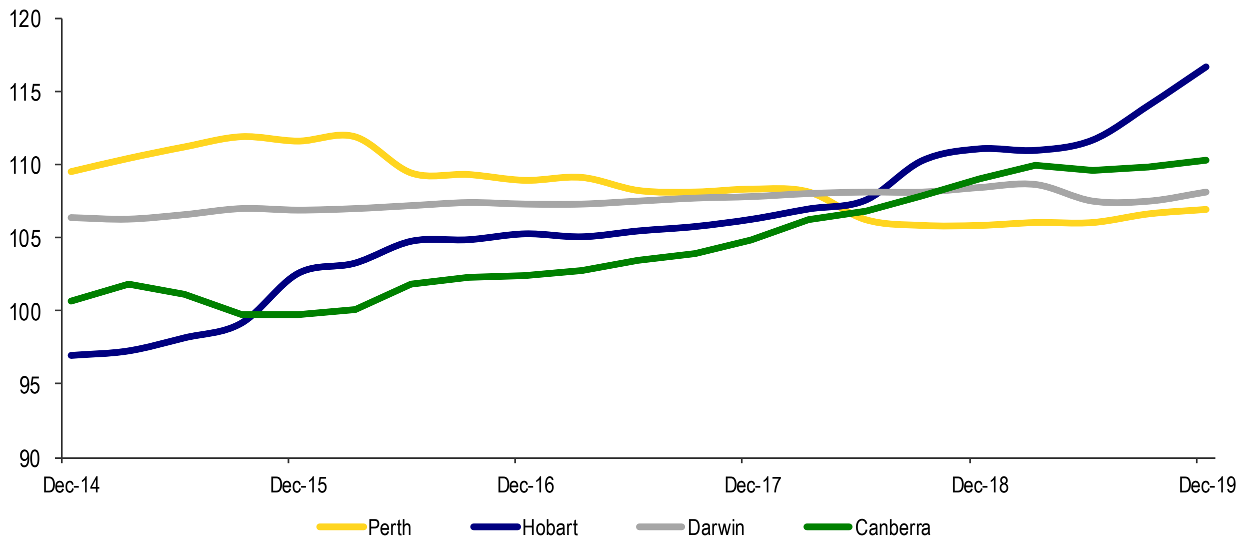
Source: ABS 6401.0



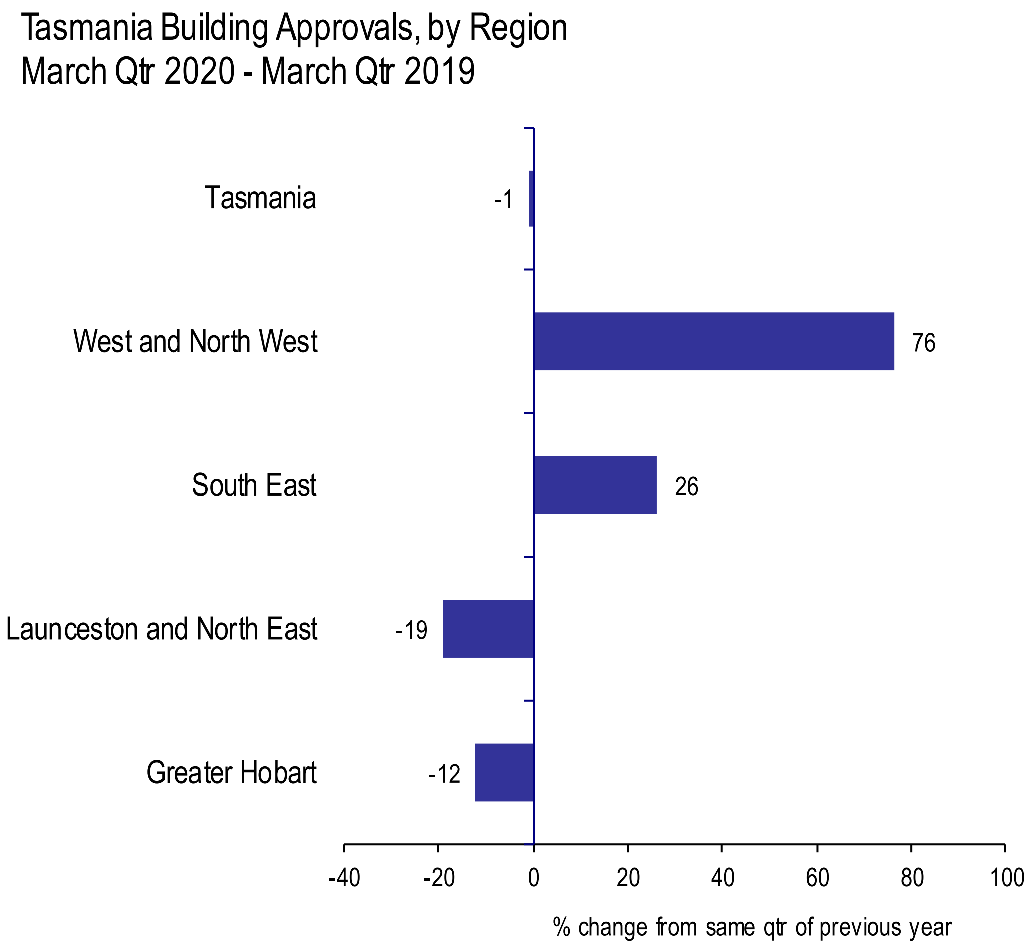
New Dwelling Purchased by Owner-occupiers Price Index
Source: ABS 6401.0



New Dwelling Purchased by Owner-occupiers Price Index
Source: ABS 6401.0



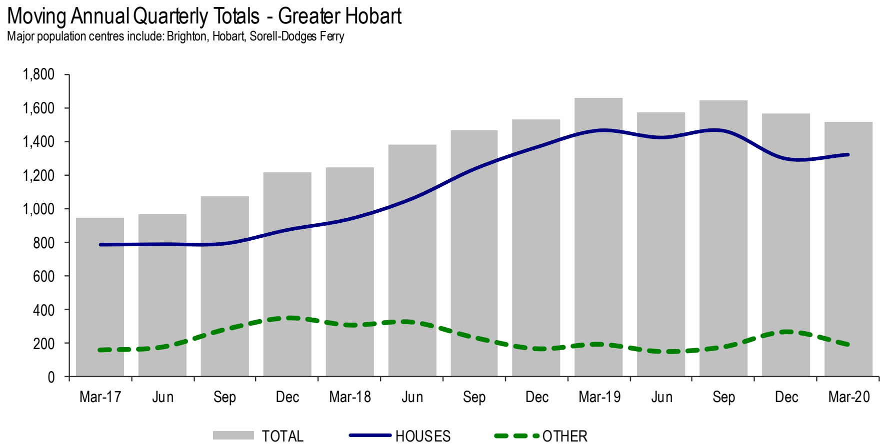
REGIONAL APPROVALS AND ANALYTICS

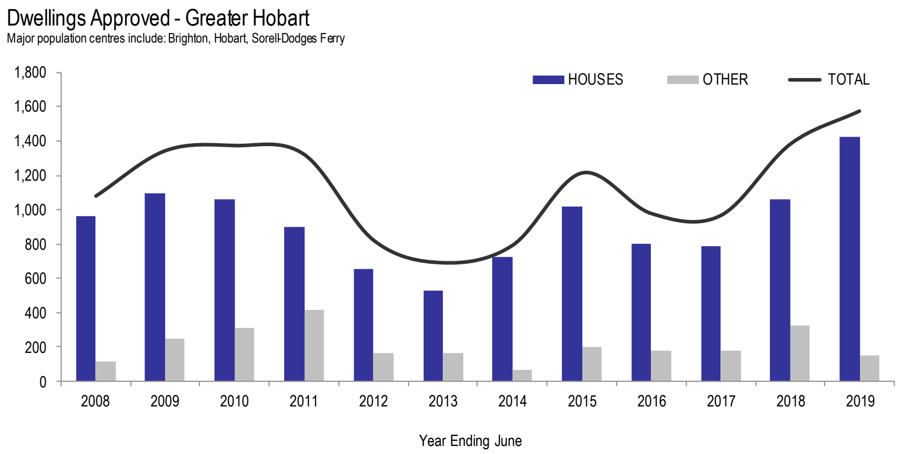


BUILDING APPROVALS - GREATER HOBART STATISTICAL AREA

	Houses	MAT*	Multi-Units	MAT*	Total	MAT*
Mar-15	234	931	77	157	311	1,088
Jun	332	1,018	43	198	375	1,216
Sep	201	1,012	70	245	271	1,257
Dec	192	959	40	230	232	1,189
Mar-16	181	906	32	185	213	1,091
Jun	225	799	39	181	264	980
Sep	202	800	5	116	207	916
Dec	189	797	27	103	216	900
Mar-17	169	785	92	163	261	948
Jun	228	788	56	180	284	968
Sep	206	792	106	281	312	1,073
Dec	270	873	94	348	364	1,221
Mar-18	234	938	51	307	285	1,245
Jun	349	1,059	73	324	422	1,383
Sep	382	1,235	17	235	399	1,470
Dec	400	1,365	29	170	429	1,535
Mar-19	334	1,465	77	196	411	1,661
Jun	307	1,423	31	154	338	1,577
Sep	422	1,463	44	181	466	1,644
Dec	234	1,297	116	268	350	1,565
Mar-20	358	1,321	3	194	361	1,515
% change on same qtr prev year	**7.2%**	**-9.8%**	**-96.1%**	**-1.0%**	**-12.2%**	**-8.8%**

*Moving Annual Quarterly Totals

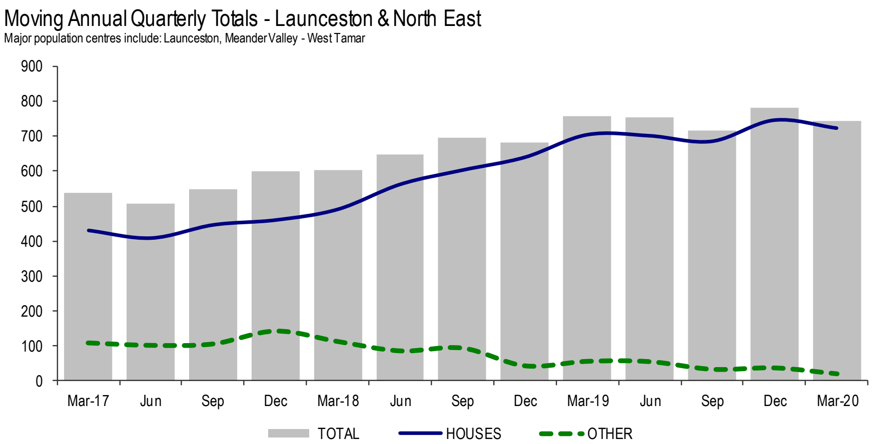


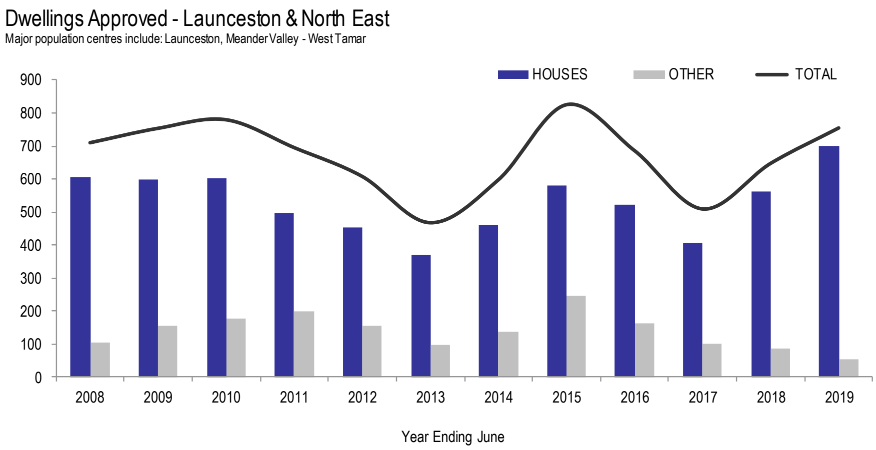


Building Approvals - Launceston and North East Statistical Area

	Houses	MAT*	Multi-Units	MAT*	Total	MAT*
Mar-15	150	555	27	140	177	695
Jun	153	580	145	246	298	826
Sep	135	585	50	255	185	840
Dec	146	584	29	251	175	835
Mar-16	125	559	47	271	172	830
Jun	116	522	38	164	154	686
Sep	99	486	15	129	114	615
Dec	118	458	21	121	139	579
Mar-17	96	429	34	108	130	537
Jun	94	407	31	101	125	508
Sep	137	445	19	105	156	550
Dec	132	459	58	142	190	601
Mar-18	127	490	4	112	131	602
Jun	166	562	4	85	170	647
Sep	178	603	27	93	205	696
Dec	169	640	7	42	175	681
Mar-19	192	705	17	55	209	759
Jun	163	702	3	54	166	755
Sep	162	686	5	32	167	717
Dec	230	747	11	36	241	783
Mar-20	169	724	0	19	169	743
% change on same qtr prev year	-12.0%	2.7%	-100.0%	-65.5%	-19.1%	-2.1%

*Moving Annual Quarterly Totals

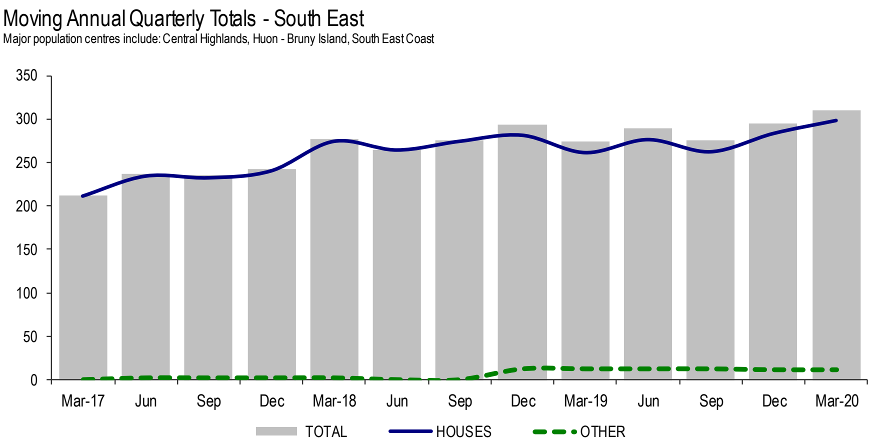


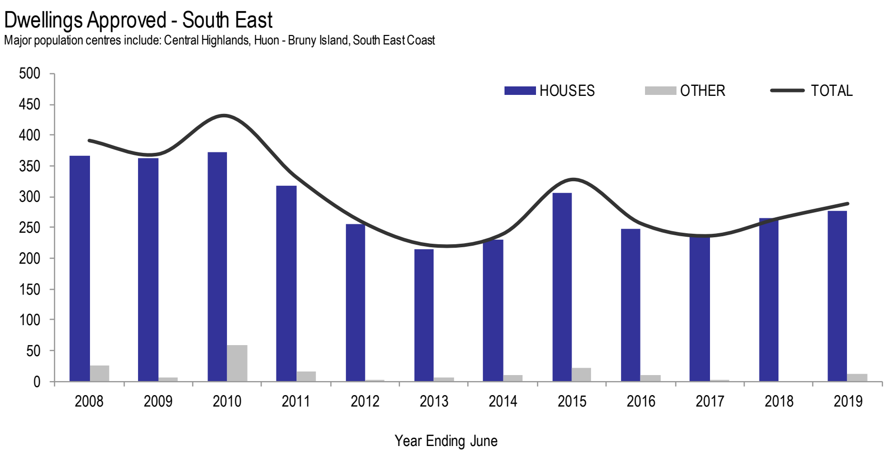


BUILDING APPROVALS - SOUTH EAST STATISTICAL AREA

	Houses	MAT*	Multi-Units	MAT*	Total	MAT*
Mar-15	70	288	16	24	86	312
Jun	87	307	2	21	89	328
Sep	85	323	6	27	91	350
Dec	72	314	3	27	75	341
Mar-16	44	288	0	11	44	299
Jun	47	248	0	9	47	257
Sep	68	231	0	3	68	234
Dec	54	213	0	0	54	213
Mar-17	43	212	0	0	43	212
Jun	70	235	2	2	72	237
Sep	66	233	0	2	66	235
Dec	62	241	0	2	62	243
Mar-18	77	275	0	2	77	277
Jun	60	265	0	0	60	265
Sep	76	275	0	0	76	275
Dec	69	282	12	12	81	294
Mar-19	57	262	0	12	57	274
Jun	75	277	0	12	75	289
Sep	62	263	0	12	62	275
Dec	90	284	11	11	101	295
Mar-20	72	299	0	11	72	310
% change on same qtr prev year	26.3%	14.1%	NA	-8.3%	26.3%	13.1%

*Moving Annual Quarterly Totals

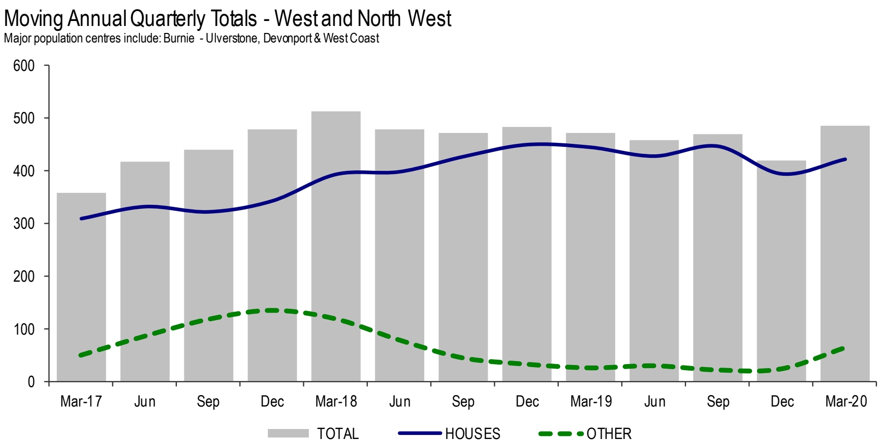


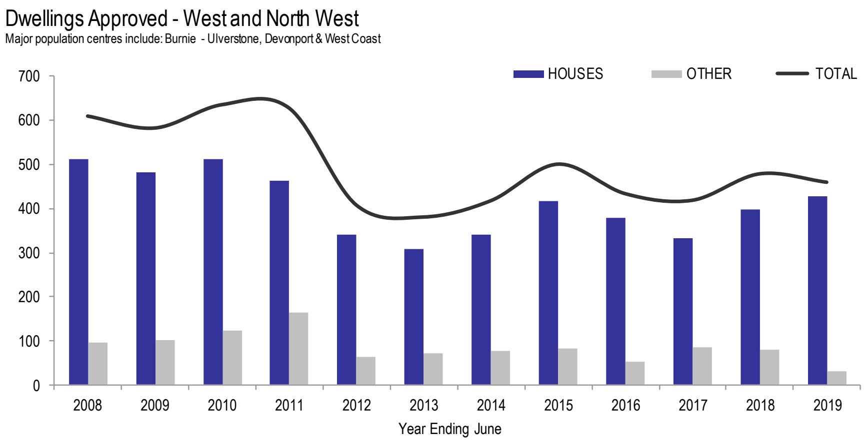


Building Approvals - West and North West Statistical Area

	Houses	MAT*	Multi-Units	MAT*	Total	MAT*
Mar-15	84	402	25	112	109	514
Jun	107	416	12	84	119	500
Sep	109	414	13	83	122	497
Dec	89	389	16	66	106	456
Mar-16	88	393	19	60	107	454
Jun	94	380	4	52	98	433
Sep	83	354	10	49	93	404
Dec	91	356	11	44	102	400
Mar-17	41	309	25	50	66	359
Jun	117	332	40	86	157	418
Sep	73	322	42	118	115	440
Dec	112	343	28	135	140	478
Mar-18	92	394	9	119	101	513
Jun	122	399	0	79	122	478
Sep	102	428	8	45	110	473
Dec	135	451	16	33	151	484
Mar-19	87	446	2	26	89	472
Jun	105	429	4	30	109	459
Sep	121	448	0	22	121	470
Dec	82	395	18	24	100	419
Mar-20	115	423	42	64	157	487
% change on same qtr prev year	**32.2%**	**-5.2%**	**2000.0%**	**146.2%**	**76.4%**	**3.2%**

*Moving Annual Quarterly Totals



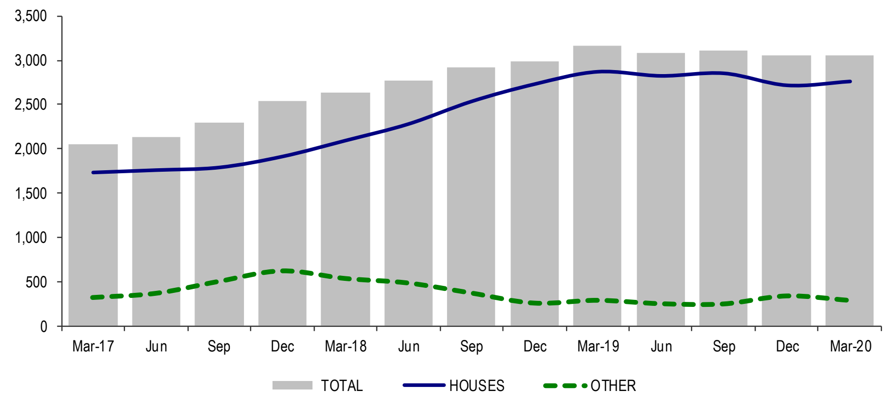


Building Approvals - Tasmania

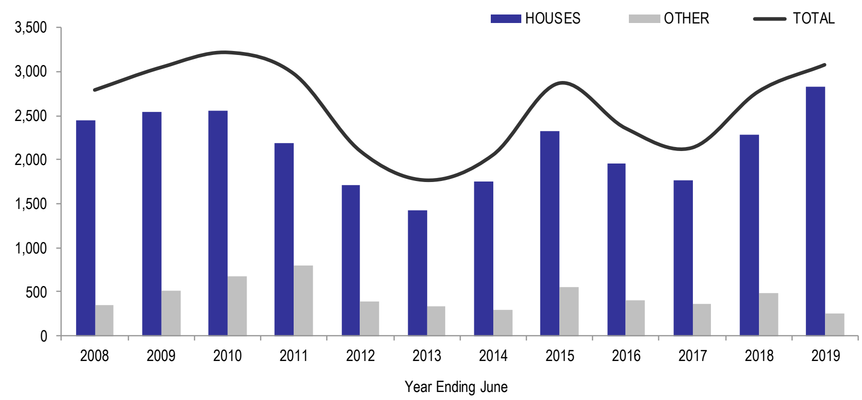
	Houses	MAT*	Multi-Units	MAT*	Total	MAT*
Mar-15	538	2,176	145	433	683	2,609
Jun	679	2,321	202	549	881	2,870
Sep	530	2,334	139	610	669	2,944
Dec	499	2,246	88	574	587	2,820
Mar-16	438	2,146	98	527	536	2,673
Jun	482	1,949	81	406	563	2,355
Sep	452	1,871	30	297	482	2,168
Dec	452	1,824	59	268	511	2,092
Mar-17	349	1,735	151	321	500	2,056
Jun	509	1,762	129	369	638	2,131
Sep	482	1,792	167	506	649	2,298
Dec	576	1,916	180	627	756	2,543
Mar-18	530	2,097	64	540	594	2,637
Jun	697	2,285	77	488	774	2,773
Sep	738	2,541	52	373	790	2,914
Dec	772	2,737	64	257	836	2,994
Mar-19	670	2,877	96	289	766	3,166
Jun	650	2,830	38	250	688	3,080
Sep	767	2,859	49	247	816	3,106
Dec	636	2,723	156	339	792	3,062
Mar-20	714	2,767	45	288	759	3,055
% change on same qtr prev year	**6.6%**	**-3.8%**	**-53.1%**	**-0.3%**	**-0.9%**	**-3.5%**

*Moving Annual Quarterly Totals

Moving Annual Quarterly Totals - Tasmania



Dwellings Approved - Tasmania



Total Dwelling Approvals	Mar Qtr 2019	Dec Qtr 2019	Mar Qtr 2020	% Change Annual
Tasmania	782	786	759	-3%
Greater Hobart	425	350	361	-15%
Hobart	425	350	361	-15%
Brighton	66	29	58	-12%
Bridgewater - Gagebrook	37	14	19	-49%
Brighton - Pontville	22	7	26	18%
Old Beach - Otago	7	8	13	86%
Hobart - North East	100	62	154	54%
Bellerive - Rosny	6	1	9	50%
Cambridge	15	5	15	0%
Geilston Bay - Risdon	1	0	1	0%
Howrah - Tranmere	23	25	41	78%
Lindisfarne - Rose Bay	8	1	6	-25%
Mornington - Warrane	2	1	13	550%
Risdon Vale	13	4	6	-54%
Rokeby	24	22	56	133%
South Arm	8	3	7	-13%
Hobart - North West	68	80	44	-35%
Austins Ferry - Granton	3	2	3	0%
Berriedale - Chigwell	2	1	1	-50%
Claremont (Tas.)	18	58	16	-11%
Derwent Park - Lutana	0	2	0	NA
Glenorchy	31	5	18	-42%
Montrose - Rosetta	3	3	1	-67%
Moonah	0	3	3	NA
New Norfolk	10	3	2	-80%
West Moonah	1	3	0	-100%
Hobart - South and West	85	61	38	-55%
Kingston - Huntingfield	37	37	22	-41%
Kingston Beach - Blackmans Bay	37	14	4	-89%
Margate - Snug	8	7	9	13%
Mount Wellington	0	0	0	NA
Taroona - Bonnet Hill	3	3	3	0%
Hobart Inner	60	70	23	-62%
Hobart	31	26	2	-94%
Lenah Valley - Mount Stuart	4	9	8	100%
Mount Nelson - Dynnyrne	0	2	2	NA
New Town	11	27	3	-73%
Sandy Bay	2	1	5	150%
South Hobart - Fern Tree	10	3	1	-90%
West Hobart	2	2	2	0%
Sorell - Dodges Ferry	46	48	44	-4%
Dodges Ferry - Lewisham	12	15	12	0%
Sorell - Richmond	34	33	32	-6%
Rest of Tas.	357	436	398	11%
Launceston and North East	210	235	169	-20%
Launceston	112	136	84	-25%
Invermay	0	2	0	NA
Kings Meadows - Punchbowl	27	21	11	-59%
Launceston	1	0	2	100%
Legana	12	27	8	-33%
Mowbray	3	2	2	-33%
Newnham - Mayfield	18	5	4	-78%
Newstead	1	6	5	400%
Norwood (Tas.)	0	1	0	NA
Prospect Vale - Blackstone	4	18	14	250%
Ravenswood	0	1	0	NA
Riverside	12	14	19	58%
South Launceston	9	1	1	-89%
Summerhill - Prospect	2	5	4	100%
Trevallyn	5	1	3	-40%
Waverley - St Leonards	11	18	0	-100%
West Launceston	2	1	2	0%
Youngtown - Relbia	5	13	9	80%
Meander Valley - West Tamar	19	32	35	84%
Beauty Point - Beaconsfield	1	4	6	500%
Deloraine	10	8	8	-20%
Grindelwald - Lanena	2	4	8	300%
Hadspen - Carrick	5	10	6	20%
Westbury	1	6	7	600%
North East	79	67	50	-37%
Dilston - Lilydale	7	4	5	-29%
George Town	1	6	12	1100%
Longford	26	19	2	-92%
Northern Midlands	3	4	0	-100%
Perth - Evandale	13	10	12	-8%
St Helens - Scamander	16	18	12	-25%
Flinders and Cape Barren Islands	1	1	0	-100%
Scottsdale - Bridport	12	5	7	-42%
South East	58	101	72	24%
Central Highlands (Tas.)	13	11	7	-46%
Central Highlands	1	2	2	100%
Derwent Valley	2	2	2	0%
Southern Midlands	10	7	3	-70%
Wilderness - East	0	0	0	NA
Huon - Bruny Island	28	51	41	46%
Bruny Island - Kettering	5	8	12	140%
Cygnet	4	12	9	125%
Geeveston - Dover	13	8	8	-38%
Huonville - Franklin	6	23	12	100%

Total Dwelling Approvals	Mar Qtr 2019	Dec Qtr 2019	Mar Qtr 2020	% Change Annual
South East Coast	17	39	24	41%
Forestier - Tasman	4	18	1	-75%
Triabunna - Bicheno	13	21	23	77%
West and North West	89	100	157	76%
Burnie - Ulverstone	35	32	38	9%
Acton - Upper Burnie	0	9	0	NA
Burnie - Ulverstone Region	4	2	5	25%
Burnie - Wivenhoe	0	0	0	NA
Parklands - Camdale	5	3	0	-100%
Penguin - Sulphur Creek	7	3	7	0%
Romaine - Havenview	0	2	1	NA
Somerset	7	1	2	-71%
Ulverstone	4	2	7	75%
West Ulverstone	0	1	4	NA
Wynyard	8	9	12	50%
Devonport	46	61	101	120%
Devonport	10	16	30	200%
East Devonport	5	3	16	220%
Latrobe	9	18	15	67%
Miandetta - Don	1	3	2	100%
Port Sorell	9	14	9	0%
Quoiba - Spreyton	2	0	10	400%
Sheffield - Railton	5	4	12	140%
Turners Beach - Forth	5	3	7	40%
West Coast	8	7	18	125%
King Island	0	1	7	NA
North West	6	3	2	-67%
Smithton	1	1	0	-100%
Waratah	1	2	4	300%
West Coast (Tas.)	0	0	5	NA
Wilderness - West	0	0	0	NA

PRICE RANGES

Dwellings Approved by Building Value Price Range - TAS March Quarter 2020

		No. of Dwellings	
		Total houses	Total other residential building
Hobart	$50,000 to less than $250,000	100	0
	$250,000 to less than $1 million	220	0
	$1 million to less than $5 million	38	3
	$5 million to less than $20 million	0	0
	$20 million to less than $50 million	0	0
	$50 million and over	0	0
	Total	**358**	**3**
Rest of TAS	$50,000 to less than $250,000	96	0
	$250,000 to less than $1 million	241	0
	$1 million to less than $5 million	18	8
	$5 million to less than $20 million	0	34
	$20 million to less than $50 million	0	0
	$50 million and over	0	0
	Total	**356**	**42**
Total TAS	$50,000 to less than $250,000	196	0
	$250,000 to less than $1 million	461	0
	$1 million to less than $5 million	56	11
	$5 million to less than $20 million	0	34
	$20 million to less than $50 million	0	0
	$50 million and over	0	0
	Total	**714**	**45**

Source: ABS unpublished building approvals data

Average Size and Value

Average Size & Value of Approved Detached Dwellings - Mar Qtr 2020

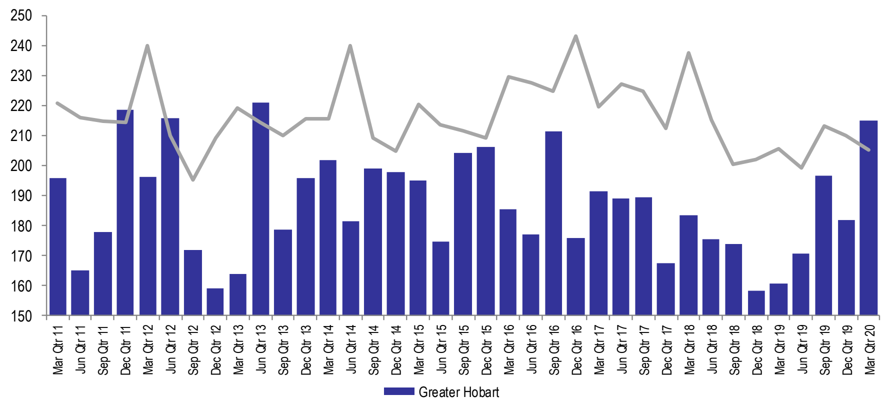
State	Average floor area	Average value per sqm ($)
Sydney	287.7	1,287.9
Bal - NSW	288.7	1,194.8
Melbourne	252.4	1,434.6
Bal - VIC	252.0	1,319.1
Brisbane	229.0	1,310.6
Bal - QLD	243.9	1,304.5
Adelaide	207.3	1,281.4
Bal - SA	201.9	1,365.0
Perth	265.7	1,136.4
Bal - WA	267.1	1,230.8
Greater Hobart	215.0	1,328.1
Bal - TAS	205.4	1,400.4
Darwin	213.2	1,628.4
Bal - NT	245.3	1,802.3
Canberra	251.9	1,401.5
Bal - ACT	-	-
Capital Cities	251.9	1,326.0
Rest of State	256.6	1,278.5
Australia	250.8	1,324.1

Source: ABS unpublished building approvals data

Average value per sqm derived from ABS data not calculated

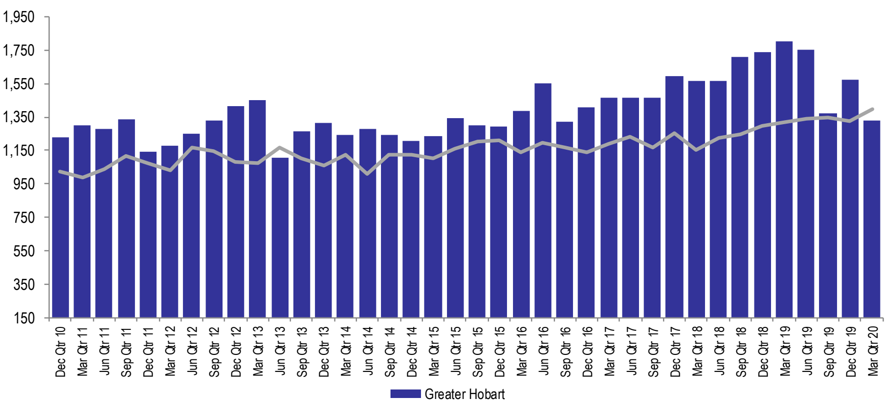
Average Size - Tasmania

Source: ABS unpublished building approvals data



Average Value per Square Metre - Tasmania

Source: ABS unpublished building approvals data



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ECONOMICS

If you would like to know more about HIA Economics
contact us on 02 6245 1393 or visit hia.com.au/economics

HIA HOME BUILDING RECOVERY PLAN

COVID-19

In 2018/19, the residential building industry directly engaged a workforce of over 1 million people delivering new homes, new apartments, and renovating Australia's 9 million existing homes.

Around 60 per cent of those in construction roles are engaged in the building trades, representing over 460,000 workers.

Australia's residential building industry delivers around 180,000 homes each year to meet Australia's ongoing demand for new housing.

Home building work in 2018 generated $105 billion to the Australian economy and represented 5.8 per cent of Australia's gross domestic product.

IN 2018/19, THE RESIDENTIAL BUILDING INDUSTRY DIRECTLY ENGAGED A WORKFORCE OF OVER 1 MILLION PEOPLE

HOUSING CONTRIBUTES TO AUSTRALIA'S ECONOMIC STABILITY

CHANGING TIDE FOR HOUSING

The housing industry has been able to continue operating during the COVID-19 restrictions allowing much of the pre-COVID-19 home building work to continue.

Despite this, new home sales and renovation sales reduced significantly in March and April and are expected to remain low in May. Project cancellations are also conspiring to reduce the forward work pool sooner.

The housing industry delivered 196,400 new homes in FY 2018/19. HIA's pre-COVID19 forecast predicted that 171,000 new homes would commence in FY2019/20, while FY2020/21 would see a small increase in activity to reach 177,100 starts.

Taking account of COVID-19, HIA's National Outlook now estimates that activity will decline substantially in the second half of 2020. New home starts are now forecast to fall to 111,500 for FY 2020/21: a 43 per cent reduction in activity from 2018/19.

The residential building industry is now facing the reality of losing up to 50 per cent of the 1 million people working in our industry.

ACTIVITY WILL DECLINE SUBSTANTIALLY IN THE SECOND HALF OF 2020

ACTIONS ARE NEEDED NOW TO INCENTIVISE HOUSING DEMAND

THE NEED FOR ACTION

The impact of a significant contraction in residential building activity across the Australian economy is well understood.

The residential building industry has played a leading role in the national recovery after past economic shocks, including the post-GST and post-GFC recoveries.

Key housing indicators now point to a significant contraction in new building activity emerging in the second half of 2020.

Action is needed now.

Governments must work collectively to reopen the Australian economy, to recommence immigration and international student activity and to stimulate housing activity.

If action is not taken now up to 500,000 jobs in the residential building industry will disappear.

HIA has provided the Australian Government, State and Territory Governments, with a suite of measures aimed at halting the decline in new home sales, retaining those customers that had commenced working with a home builder before 1 March 2020 and stimulating new customers to enter the market.

IMMEDIATE MEASURES:

AUSTRALIAN GOVERNMENT

- Introduce a targeted New Home Buyer incentive:
  - A new home building incentive will bring forward demand for new homes and renovation work, including amongst those with the aspiration and financial capacity to move forward quickly.
  - A specifically targeted New Home Buyer incentive could deliver an additional 20,000 home building project commencements in the second half of the year – when they are most needed – generating the jobs needed to keep the workforce engaged through to 2021.
  - It should only apply to new home building projects and renovation projects that have not commenced construction, including new contracts to construct a home on the owner's land, off-the-plan sales of house and land packages, and to the renovation of established homes where a building approval is required.
  - To be eligible for the rebate the construction of the project would need to have substantially commenced by 31 December 2020. This would provide activity well into 2021, with significant employment multiplier benefits in manufacturing, retail and professional services.
  - Where a cap is applied the incentive should be up to $50,000.
- Release an additional 10,000 allocations under the First Home Loan Deposit Scheme targeted at new home building only.
- Introduce a 'HomeKeeper' insurance scheme, through the National Housing and Finance Investment Corporation, to underwrite the interest only loan payments for home buyers that entered into a new home building contract from 1 January 2020 to 31 December 2020 to support any buyer that loses their job from 1 March 2020 due to COVID-19.
- Introduce a 'HomeKeeper' incentive for home buyers that have entered into a new home building contract after 1 January 2020 and up to 1 July 2020 where work is yet to commence. The incentive would be paid in two stages – on signing of the contract and when the slab is poured on site before 31 December 2020.
- Ensure residential building businesses can access JobKeeper using an industry specific projection methodology for the basic turnover test to ensure that home building businesses can retain pre-construction staff in readiness for the recommencement of home building activity as the economy reopens.

INTRODUCE A TARGETED NEW HOME BUYER INCENTIVE

REMOVE STAMP DUTY FOR OVER 65 YEAR OLDS PURCHASING A NEW HOME FROM 1 JULY 2020 TO 31 DECEMBER 2020

IMMEDIATE MEASURES: NATIONAL CABINET

- Gain the support of State and Territory governments to provide stamp duty concessions for all new home building contracts entered into from 1 March 2020 to 31 December 2020.
- Gain the support of State and Territory governments to remove stamp duty for over 65 year olds purchasing a new home (downsizing) from 1 July 2020 to 31 December 2020.
- Gain the support of State and Territory governments to implement a single step approval processes from 1 July 2020 for all new homes that meet the design requirements of existing state housing codes.
- Gain support for a joint Commonwealth, State and Territory funding package to deliver social and affordable housing units, in similar terms to the post-GFC arrangements.
- Deliver a Home Renovation package to support home owners and landlords to encourage the undertaking of renovations and additions which improve the energy efficiency of existing homes.

Measures over the next 12 months are also required to sustain the pipeline of new home building activity as the economy emerges from the restrictions and returns to work.

- Maintain the consistency and co-ordination of National Cabinet to manage the continuing impacts of COVID-19
- Introduce a national KeyStart loan scheme through the National Housing and Finance Investment Corporation to provide support for first home buyers purchasing new homes.
- Establish a Commonwealth 'land rent' scheme to allow the construction of social and affordable housing on surplus Crown land suitable for residential purposes.
- Work through the National Cabinet to encourage State and Territory governments to introduce a 'land rent' scheme to allow the construction of social and affordable housing on surplus state Crown land suitable for residential purposes.
- Waive the Commonwealth Annual Vacancy Fee for the duration that Australia's international border remains closed.
- Work through the National Cabinet to ensure consistency across jurisdictions in relation to the waiving of vacant residential property and to remove foreign investor surcharges.
- Establish appropriate visa arrangements for students and skilled foreign workers to hasten the restoration of overseas migration.
- Work with the Reserve Bank and APRA to ensure an adequate availability of home lending finance and business finance for small businesses for new lending and to complete existing loans.
- Work through the National Cabinet to gain agreement from the States and Territories to a national moratorium on new regulation affecting the residential building industry and provide "clean air" for industry to focus on recovery. This should include building regulations, workers compensation, licensing, training requirements and planning reforms.
- Work with the banks and the mortgage insurance industry to encourage property valuers to take a long term approach to property valuations.
- Work through the National Cabinet to provide further support for building apprentices continuing their training into 2021 and new apprentices entering training in 2021 through a targeted extension of the Supporting Apprentices and Trainees wage subsidy.

ADDITIONAL MEASURES

The Housing Industry Association (HIA) is Australia's only national industry association representing the interests of the residential building industry.

As the voice of the residential building industry, HIA represents a membership of 60,000 across Australia. Our members are involved in delivering more than 180,000 new homes each year through the construction of new housing estates, detached homes, low and medium-density housing developments, apartment buildings and completing renovations on Australia's 9 million existing homes.

www.hia.com.au/covid E: policy@hia.com.au T: 1300 650 620