

Media Release



MASTER BUILDERS
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New Home Starts Hit 7-Year Low As Infrastructure Finally Grinds into Action

“The number of new homes started during the September 2019 quarter has dropped to its lowest point since early 2013, although the news on infrastructure work was a little better,” Master Builders Chief Economist Shane Garrett said.

“Official results released this morning by the ABS indicate that new home building starts suffered an 11.7% reduction during the September 2019 quarter. The volume of engineering construction work done inched up by 0.5% over the same period,” he said.

“The fall in new home starts was more pronounced in the high-density part of the market where a 21.9% decline occurred during the September 2019 quarter. This was due to a number of one off factors including the reputational issues around apartments during the middle of last year as well as the adverse fall out from the banking Royal Commission and its detrimental impact on credit,” Shane Garrett said.

“Despite these disappointing figures, the latest indicators around building approvals and house prices do suggest that a resumption of growth in new home building is not too far off,” he said.

“Having recently sagged to a decade low, engineering construction did take a small step in the right direction during the September 2019 quarter. Engineering activity is positioned to benefit the most from the host of new infrastructure projects announced in recent times.

“It is taking longer than we would like to see new infrastructure announcements translate into real action on the ground. The figures today provide welcome evidence that activity here is finally gaining ground, albeit it gradually,” Shane Garrett said.

“There remains a strong onus on government to ensure that infrastructure project work is still delivered as quickly as possible so that the considerable gap in economic growth can be closed,” Shane Garrett said.

For further information contact:

Ben Carter, Director Media & Public Affairs, 0447 775 507