

## **The Outlook for the Housing Industry in Queensland**

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# Queensland Housing Outlook

It's (apparently) all about Europe, but ... it isn't



# Queensland Housing Outlook

## Queensland's fortunes – the beginnings of an improvement

### QUEENSLAND'S ECONOMY

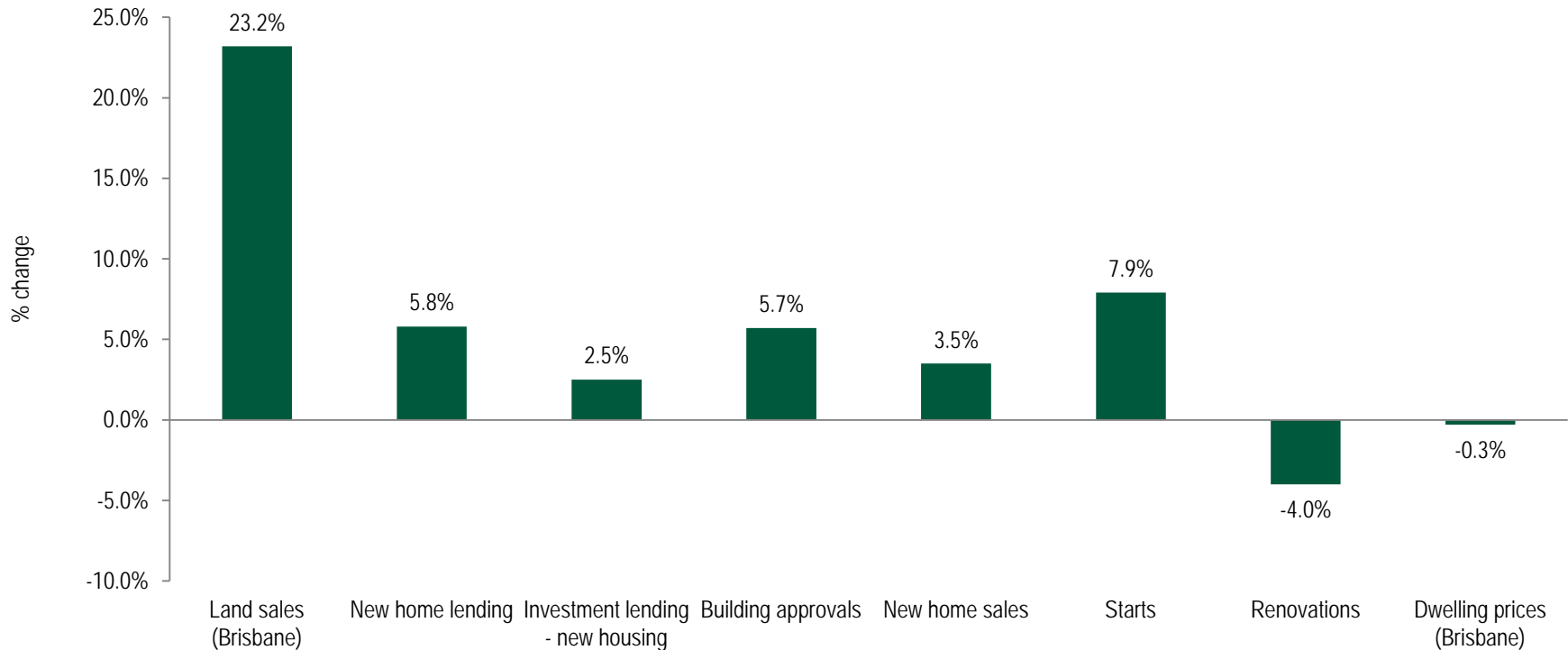
| INDICATOR              | UPDATE              |
|------------------------|---------------------|
| Economic Growth        | Improved            |
| Interest rate outlook  | Steady/Deteriorated |
| Household consumption  | Improved            |
| Manufacturing          | Deteriorated        |
| Labour market          | Improved            |
| Detached houses        | Improving           |
| Multi-units            | Deteriorated        |
| Renovations investment | Improving           |



## Housing indicators – continued improvement

### Housing Indicators - Latest update

Source: ABS, HIA Economics, RP Data, Rismark International

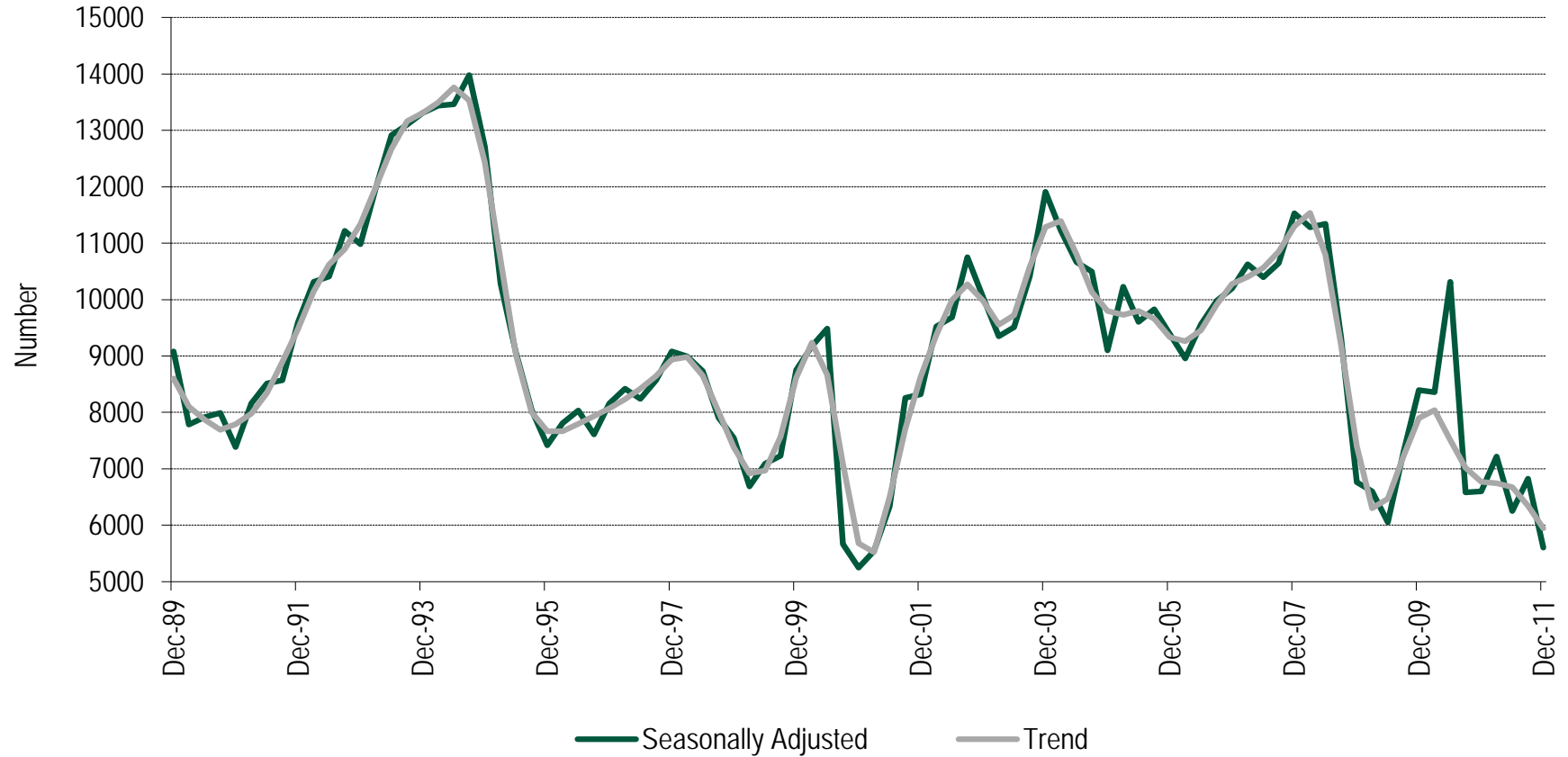


## The good, the bad, and the ugly

## The ugly – housing starts back to GST levels

### Total Dwelling Starts – Queensland

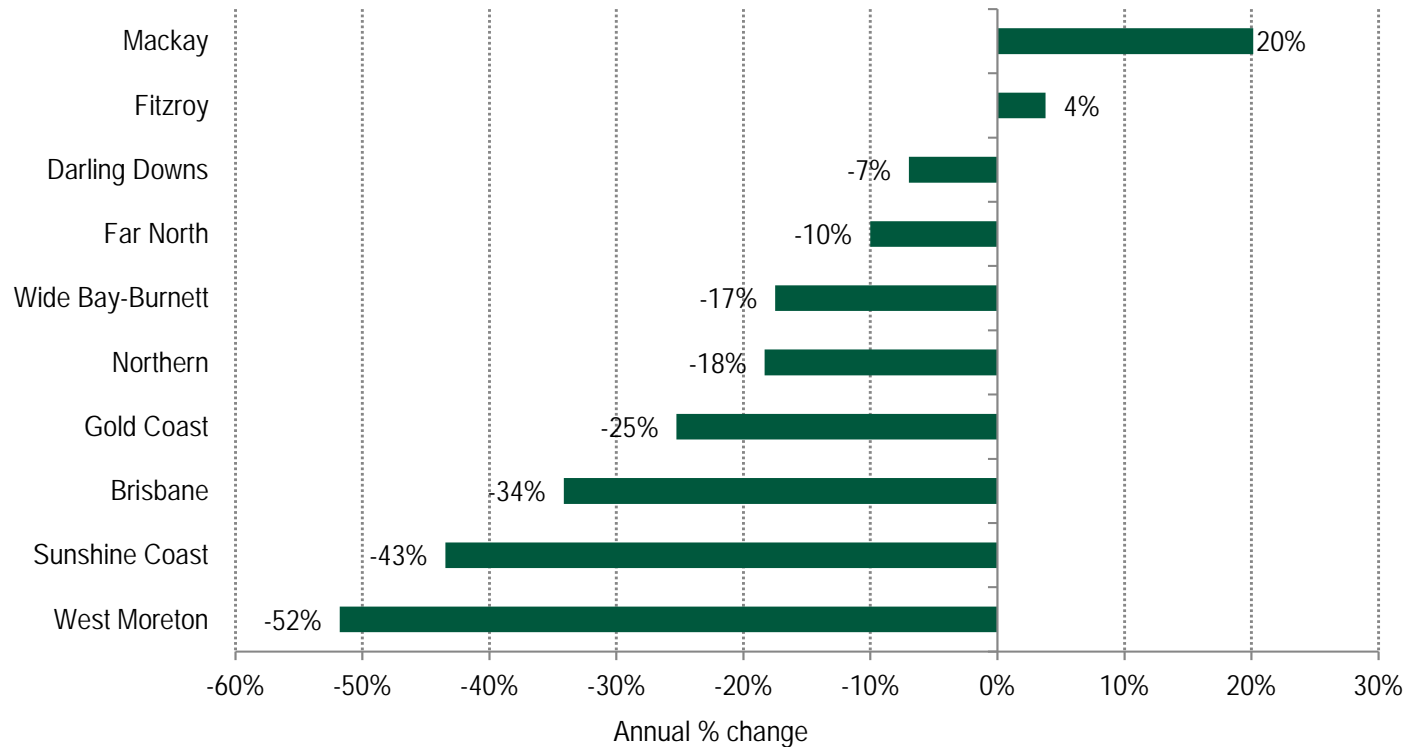
Source: ABS 8752.0



## The ugly: Overall land sales are still very weak

Residential lot sales - Annual % change - 6 mths to Sept 2011

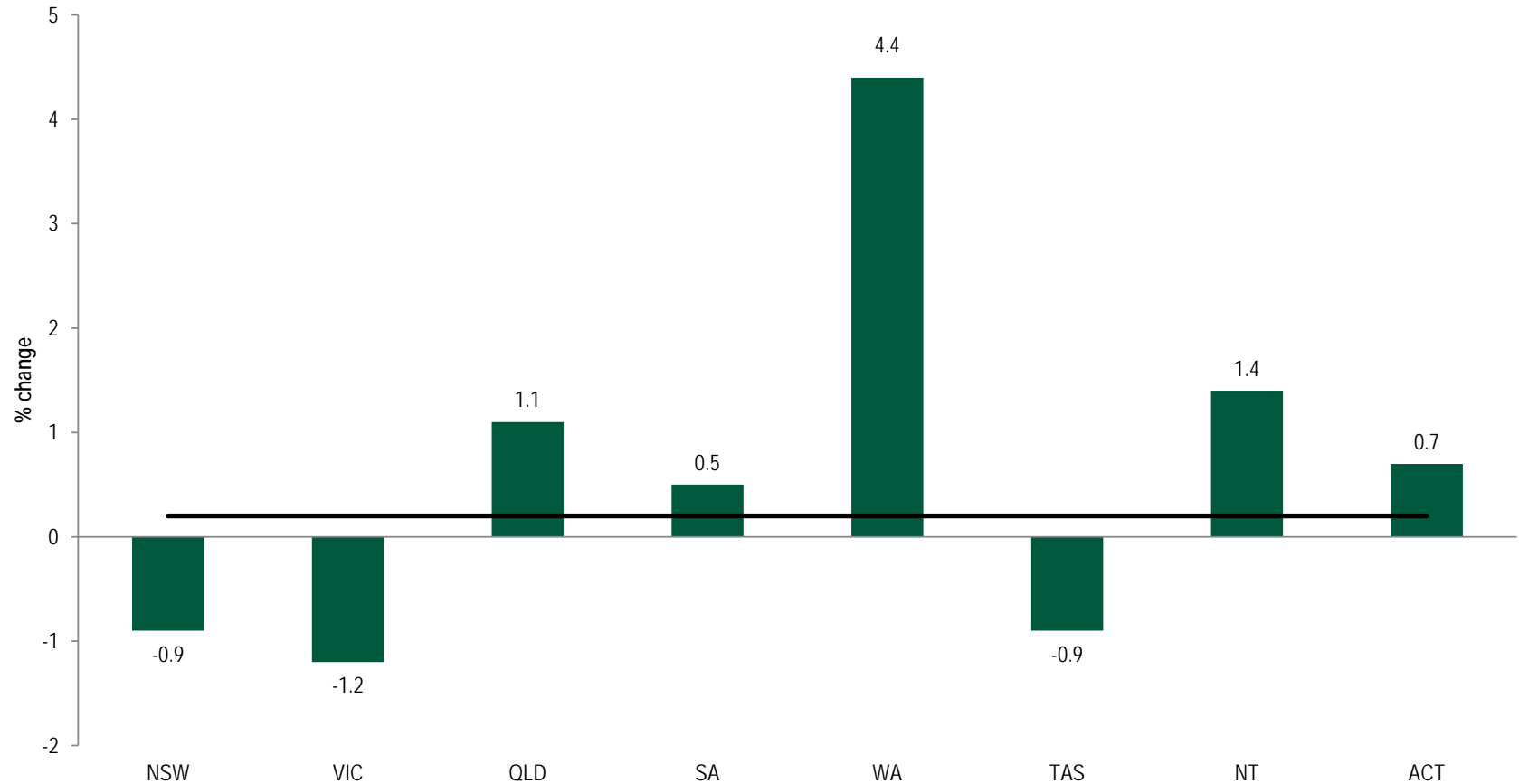
Source: RP Data, HIA Economics Group



## The good: employment growth is rising

Annual Employment growth Rate - % change - February 2012

Source: ABS Labour Force



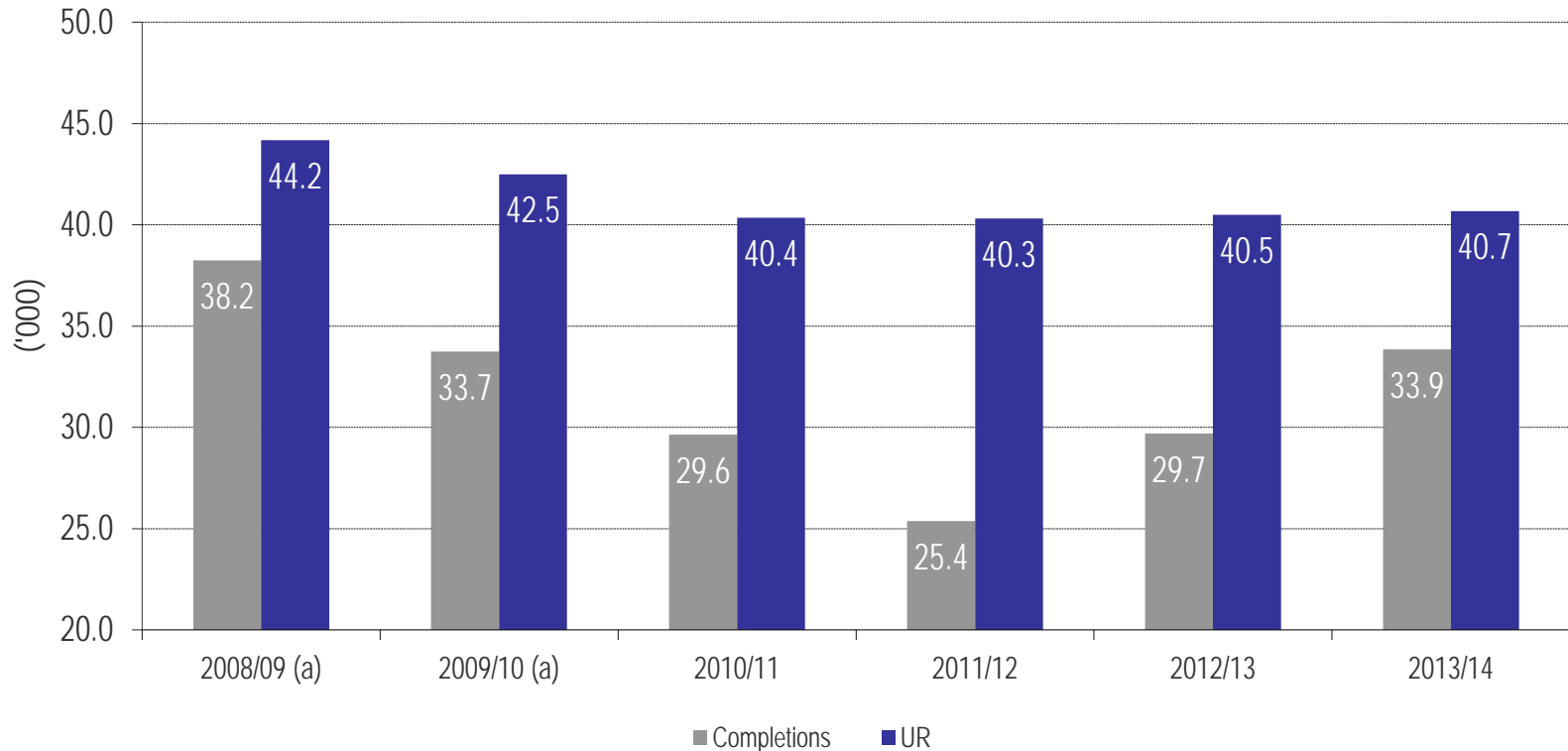


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## The good: underlying demographic demand is strong and...

Underlying Requirement for Housing vs Dwelling Completions - QLD

Source: ABS, HIA

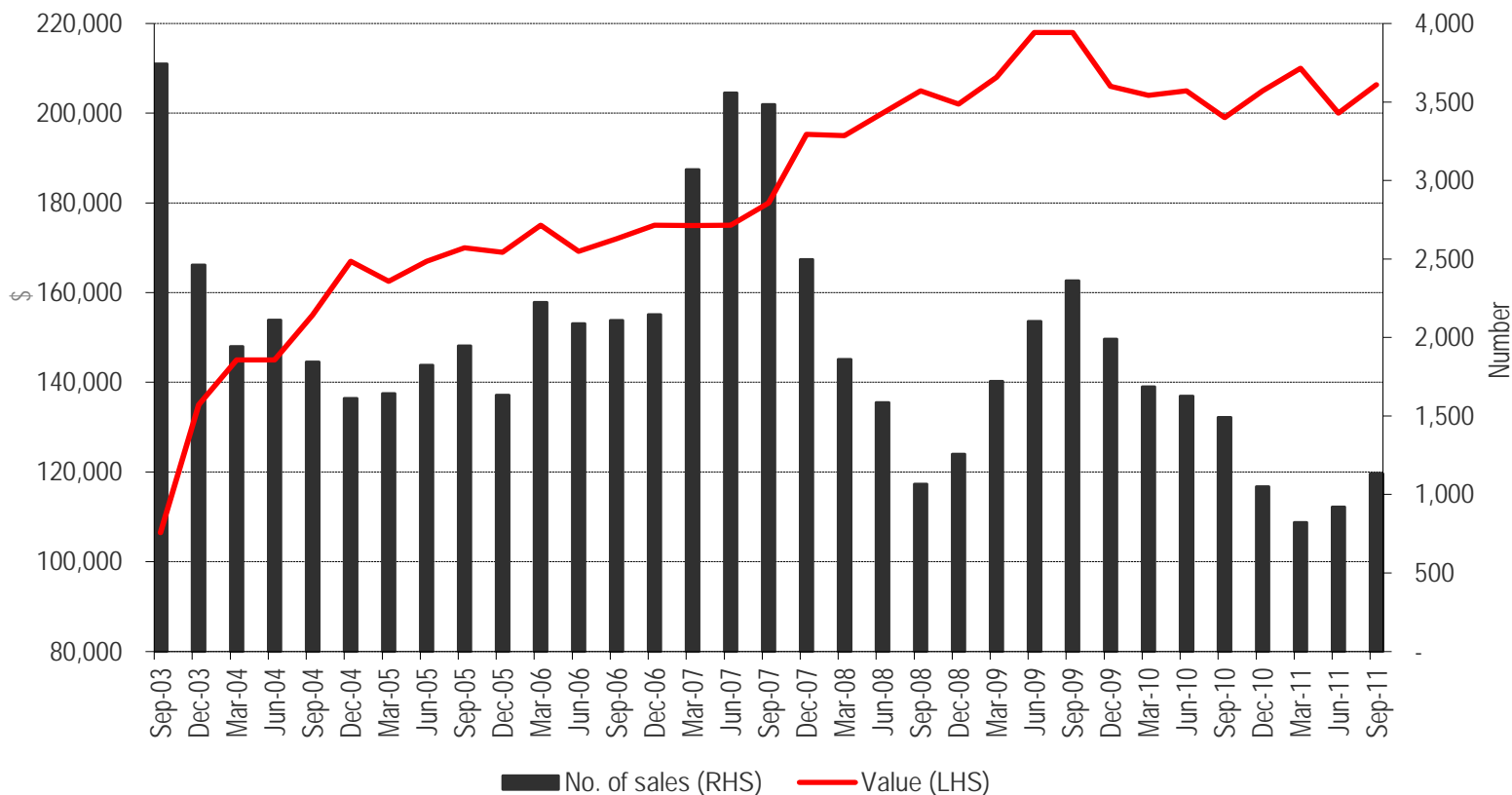


... so is the capacity to boost effective supply.

## The good: Brisbane Quarterly Land Sales are ticking higher

### Residential Land - Brisbane

Source: RP Data



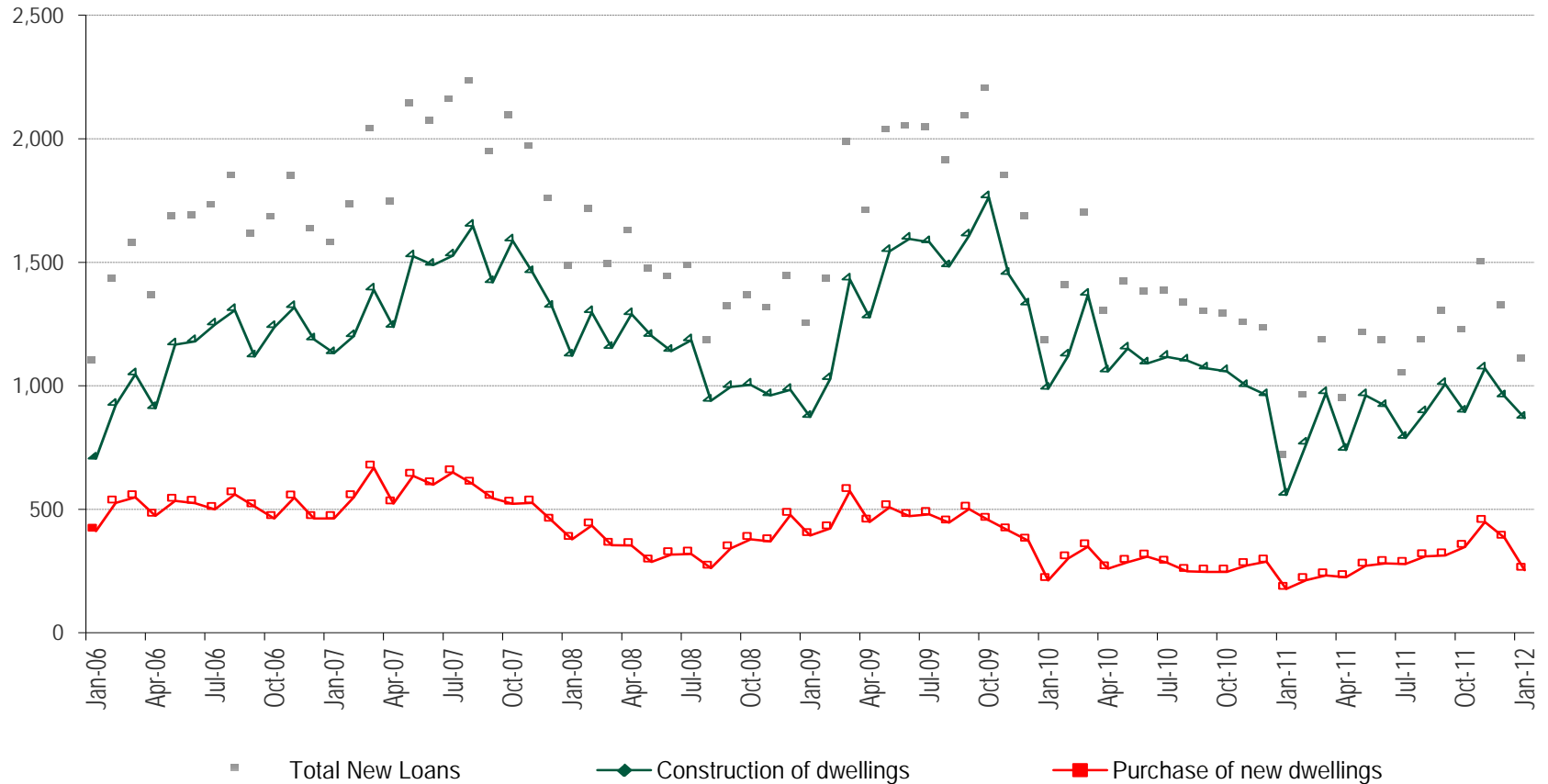
- However, the improvement in volume is off a very low base.

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## The good: New Home Lending is trending higher

QLD New Home Lending - Number of Loans

Source: ABS Housing Finance

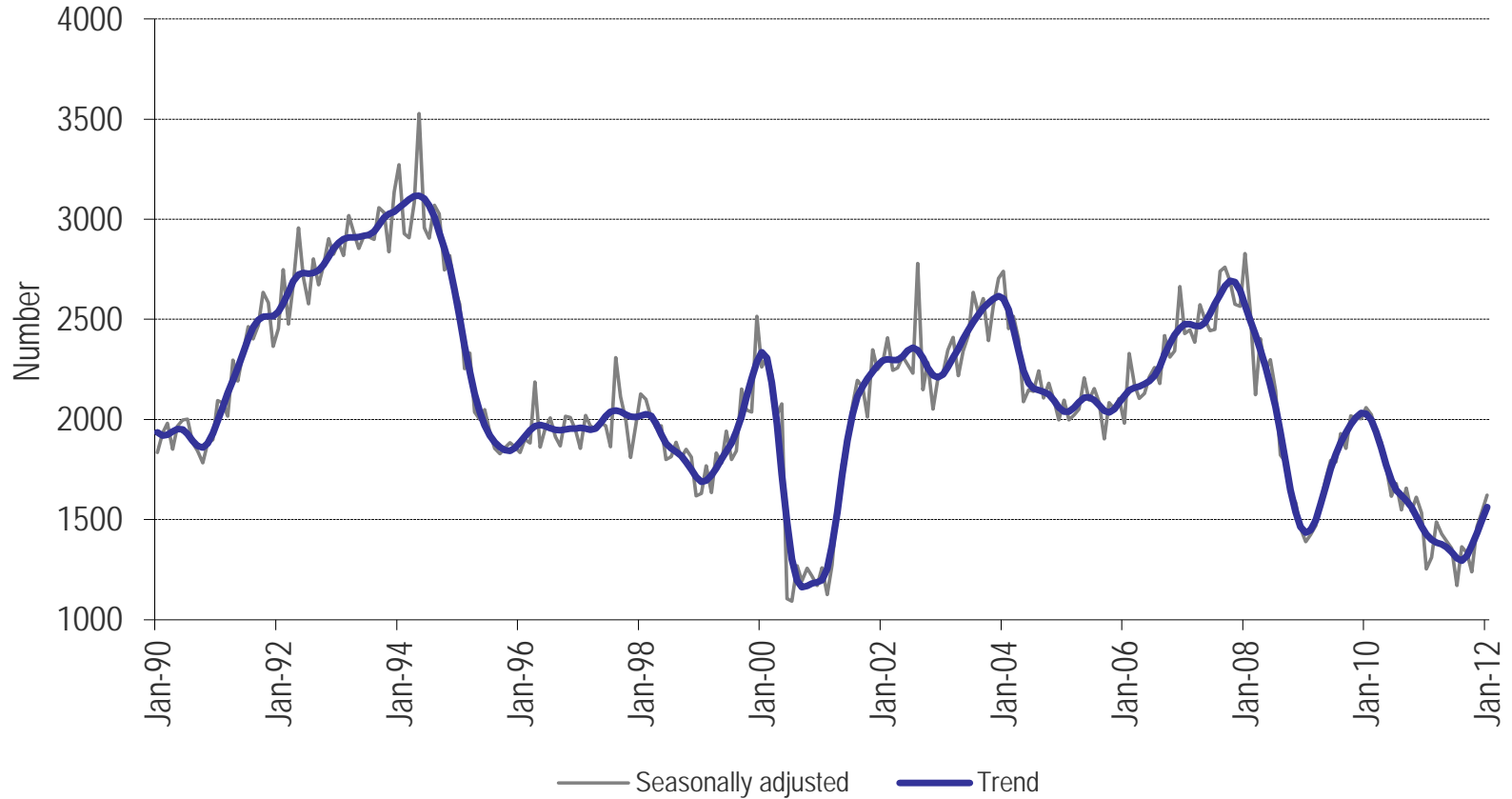


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## The good: detached approvals are turning around

### Building Approvals QLD - House

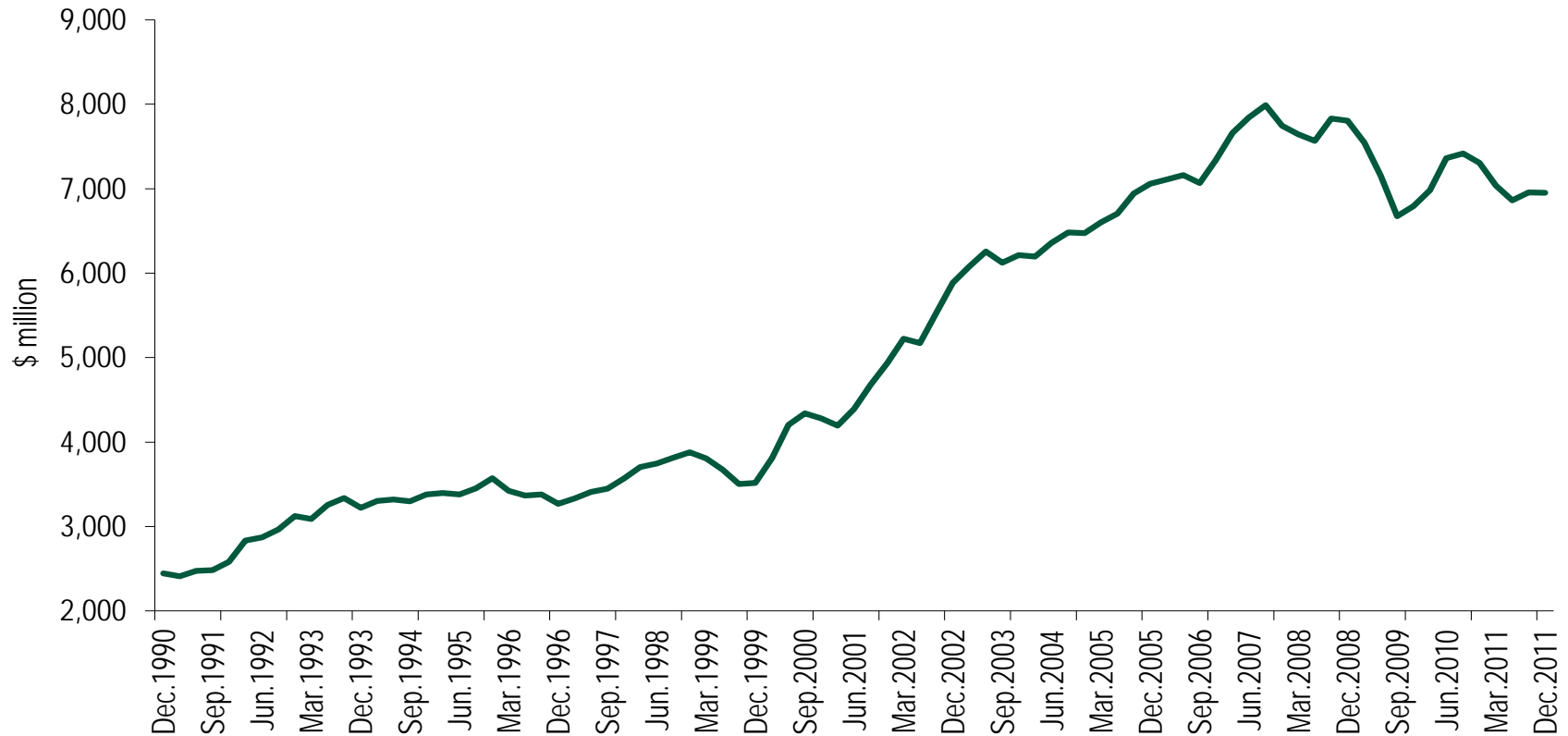
Source: ABS Building Approvals



## The good and bad: renovations activity stabilising?

### Renovations Investment in Queensland - Moving Annual Total

Source: ABS State Final Demand 5206.0

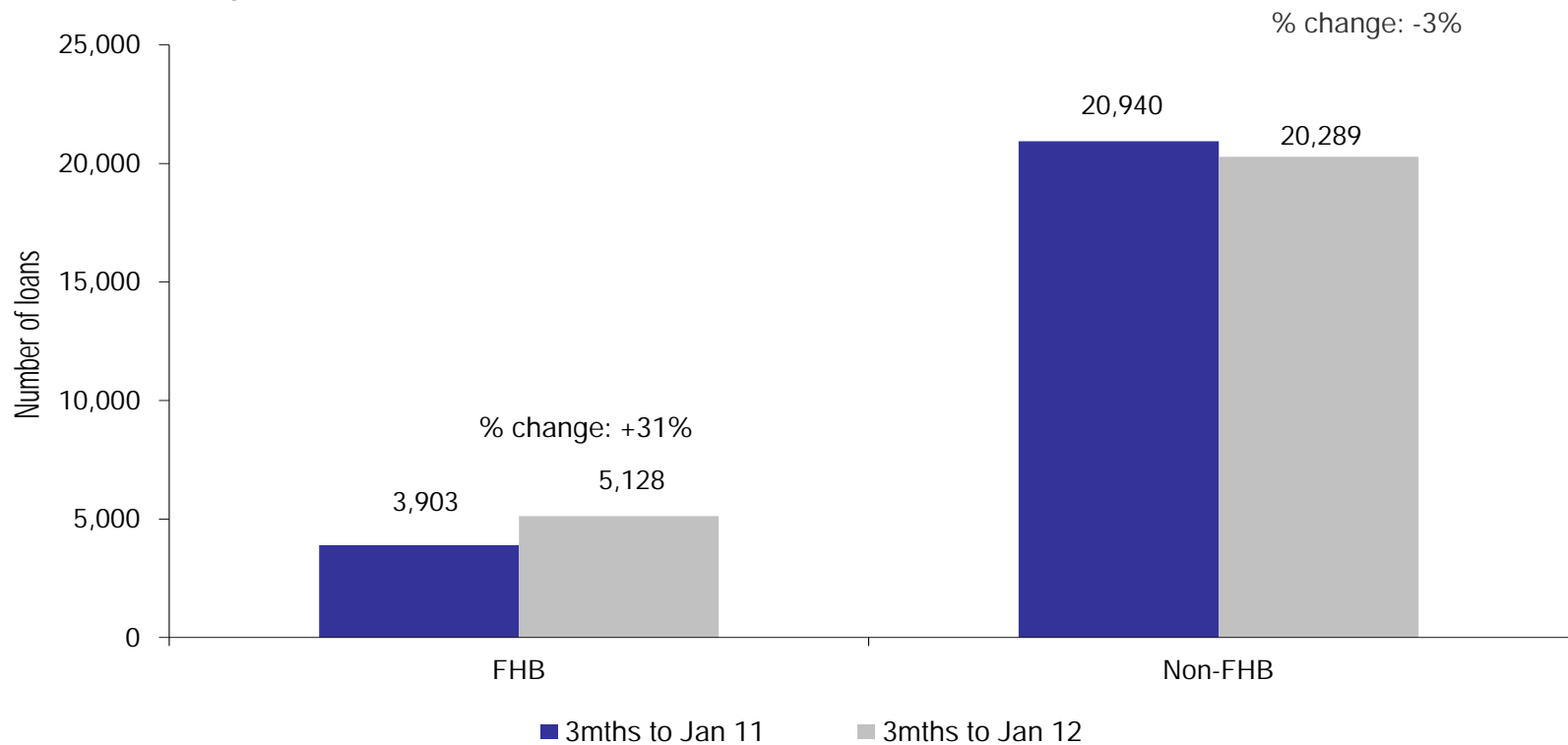


# Queensland Housing Outlook

## The good and bad: Non-First Home Buyers are still weak, but ...

First Home Buyer versus Non-First Home Buyer Loans - QLD

Source: ABS Housing Finance



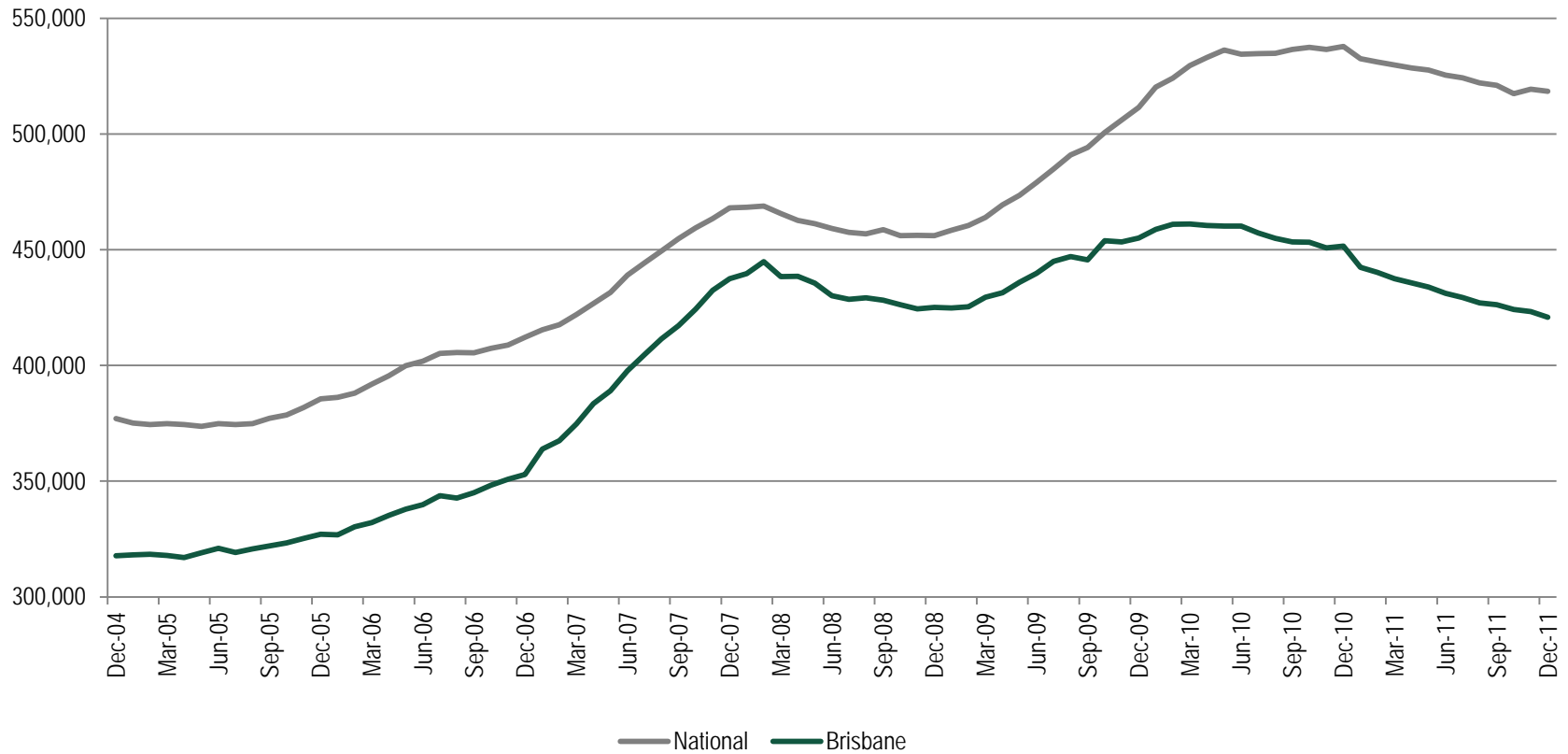
- ... the reinstatement of stamp duty concessions should help by 2012H2.

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## The good and bad: slipping dwelling prices

### Dwelling Prices - National and Brisbane

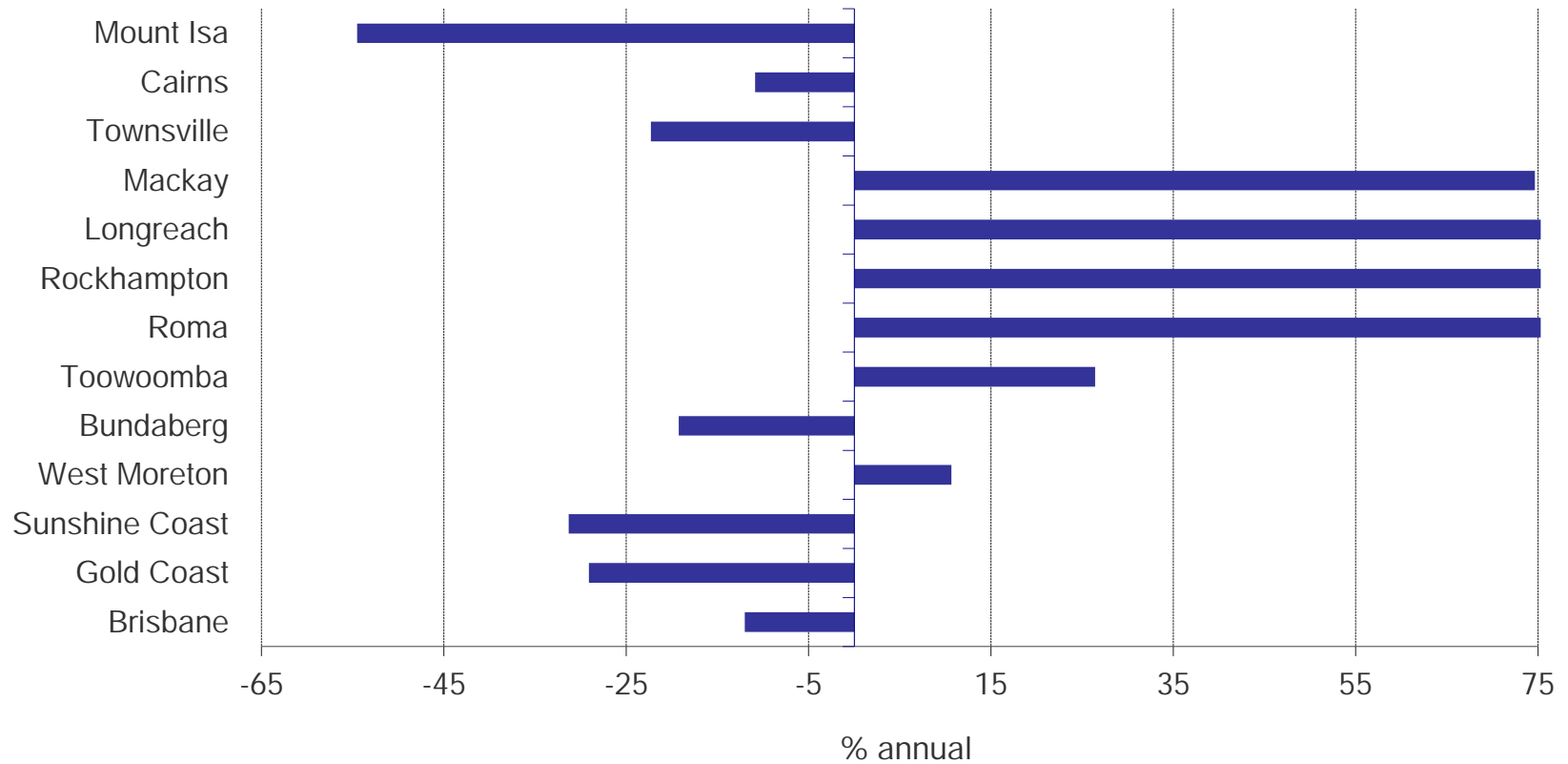
Source: RP Data



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## The good and bad: approvals are a mixed bag

Queensland Building Approvals, by Region  
December Quarter 2011



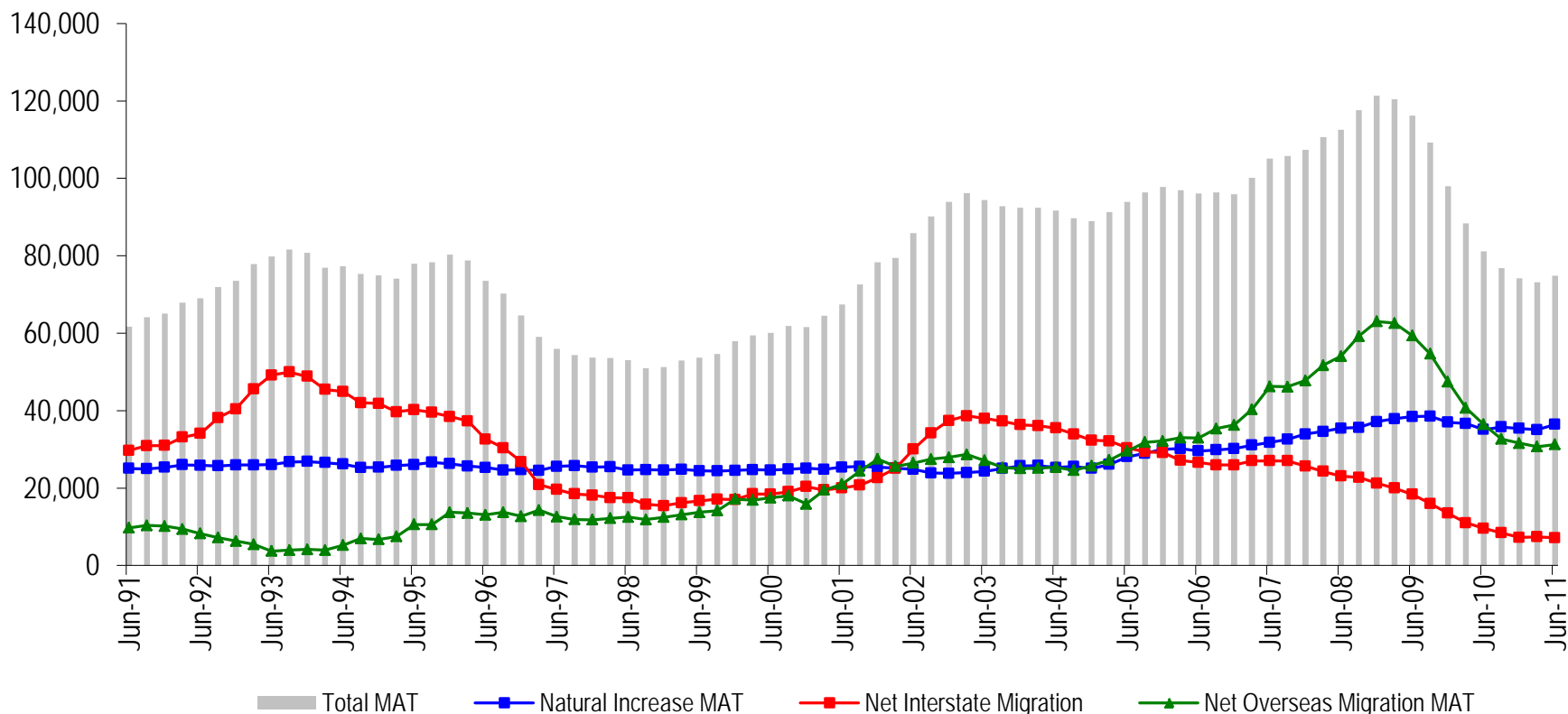


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## The good and bad: population growth is stabilising?

### Queensland's Population Growth by Component - Moving Annual Total

Source: ABS 3101.0

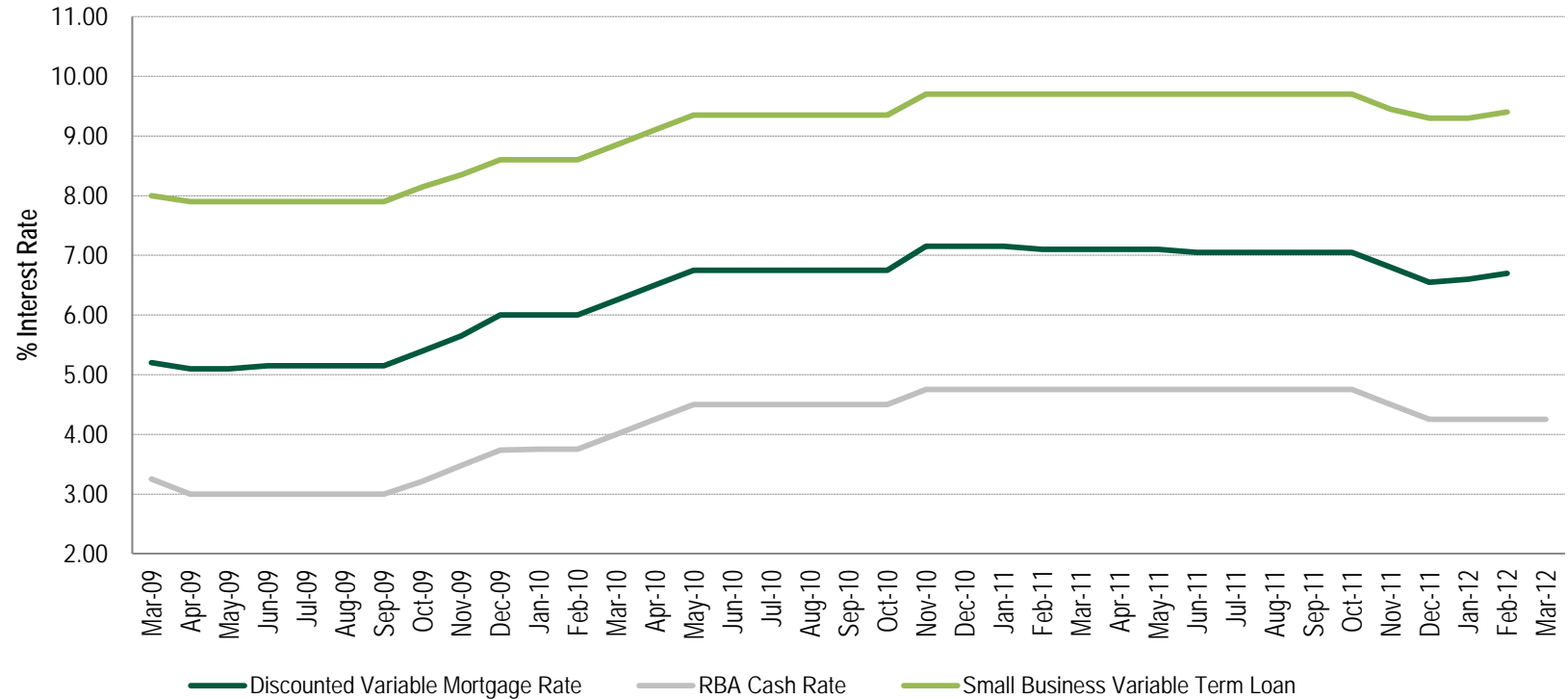


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## The bad: interest rates are not where they need to be

Interest Rates, Australia

Source: RBA



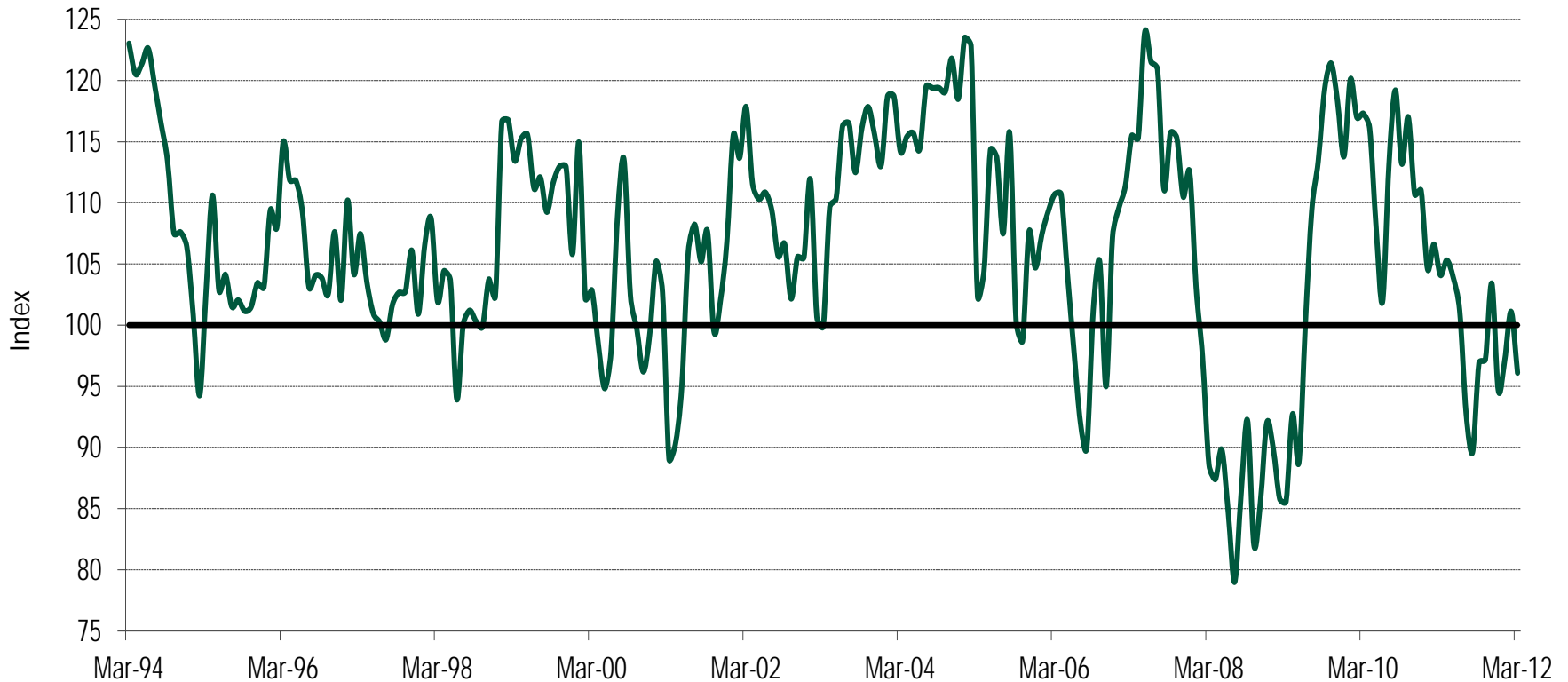
- Interest rates fell in late 2011, but the banks dithered and businesses lost out.
- This rubbish about banks now lifting borrowing costs is very damaging to confidence.

# Queensland Housing Outlook

## The bad: consumers are unsure and nervous

### Consumer Confidence

Source: Westpac-Melbourne Institute

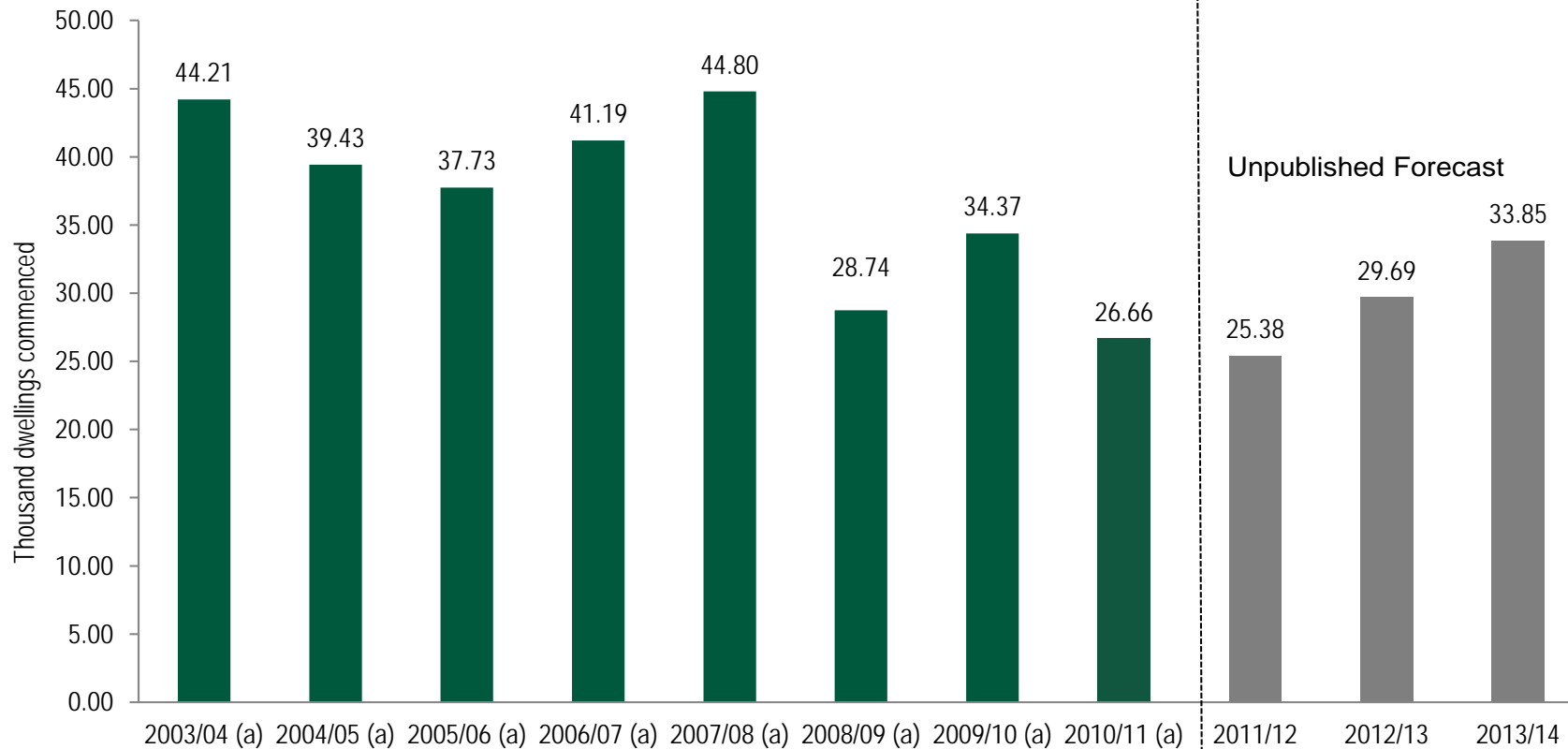


So what does the future hold?

## Short term housing starts outlook

### QLD Housing Starts Forecasts

Source: HIA Economics Group



# Queensland Housing Outlook

## The short term outlook for renovations

### HOUSING RENOVATIONS FORECAST: by state and territory

Value of investment, \$ million, Chain Volume Measure

|             | NSW   | VIC   | QLD   | SA    | WA    | TAS | NT  | ACT | Aust   |
|-------------|-------|-------|-------|-------|-------|-----|-----|-----|--------|
| 2003/04 (a) | 9,741 | 6,424 | 6,358 | 1,934 | 3,078 | 684 | 204 | 376 | 28,799 |
| 2004/05 (a) | 9,592 | 6,191 | 6,702 | 1,958 | 3,249 | 666 | 294 | 335 | 28,987 |
| 2005/06 (a) | 8,962 | 5,842 | 7,159 | 1,956 | 3,255 | 695 | 322 | 354 | 28,545 |
| 2006/07 (a) | 8,284 | 6,095 | 7,845 | 2,130 | 3,515 | 711 | 261 | 328 | 29,169 |
| 2007/08 (a) | 8,262 | 6,639 | 7,565 | 1,829 | 4,244 | 769 | 202 | 367 | 29,877 |
| 2008/09 (a) | 7,957 | 6,583 | 7,152 | 2,011 | 3,945 | 790 | 209 | 301 | 28,948 |
| 2009/10 (a) | 8,263 | 6,338 | 7,363 | 2,026 | 4,536 | 751 | 254 | 392 | 29,923 |
| 2010/11     | 8,265 | 6,381 | 6,836 | 1,914 | 4,727 | 738 | 254 | 435 | 29,550 |
| 2011/12     | 8,004 | 6,495 | 7,349 | 1,956 | 4,557 | 799 | 243 | 431 | 29,835 |
| 2012/13     | 8,238 | 6,423 | 7,333 | 1,979 | 4,655 | 781 | 252 | 423 | 30,084 |

Source HIA Economics December 2011

#### % change

|             |     |     |     |      |     |     |      |      |     |
|-------------|-----|-----|-----|------|-----|-----|------|------|-----|
| 2004/05 (a) | -2% | -4% | 5%  | 1%   | 6%  | -3% | 44%  | -11% | 1%  |
| 2005/06 (a) | -7% | -6% | 7%  | 0%   | 0%  | 4%  | 10%  | 6%   | -2% |
| 2006/07 (a) | -8% | 4%  | 10% | 9%   | 8%  | 2%  | -19% | -7%  | 2%  |
| 2007/08 (a) | 0%  | 9%  | -4% | -14% | 21% | 8%  | -23% | 12%  | 2%  |
| 2008/09 (a) | -4% | -1% | -5% | 10%  | -7% | 3%  | 3%   | -18% | -3% |
| 2009/10 (a) | 4%  | -4% | 3%  | 1%   | 15% | -5% | 22%  | 30%  | 3%  |
| 2010/11     | 0%  | 1%  | -7% | -6%  | 4%  | -2% | 0%   | 11%  | -1% |
| 2011/12     | -3% | 2%  | 8%  | 2%   | -4% | 8%  | -4%  | -1%  | 1%  |
| 2012/13     | 3%  | -1% | 0%  | 1%   | 2%  | -2% | 4%   | -2%  | 1%  |

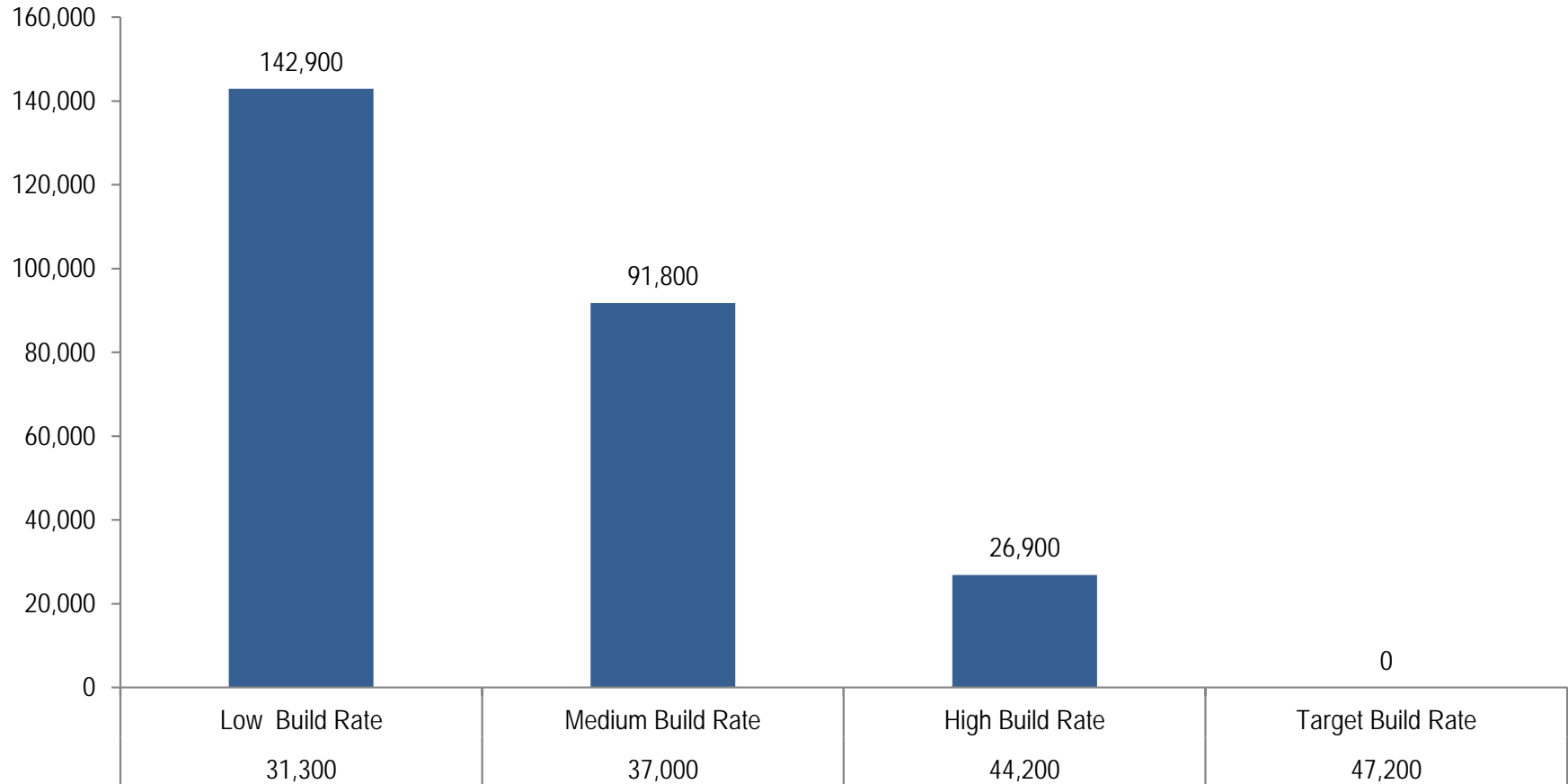
(a) = actual

# Queensland Housing Outlook

## The 'Big Kahuna play'

Projected Dwelling Shortage by 2020 - Queensland

Source: HIA



THANK YOU FOR YOUR TIME THIS AFTENOON

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<http://economics.hia.com.au>

