



HIA

Renovations Roundup

RENOVATIONS
FORECASTS

STATE BY
STATE
ANALYSIS

ECONOMIC
INSIGHT

IN-DEPTH
MARKET
RESEARCH

A quarterly update on the Home Renovations Market

December Qtr 2016



Overview

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Preliminary data for the September 2016 quarter indicates that the volume of renovations work declined by 0.7 per cent during the quarter, which interrupted the recovery in activity that has been underway since 2013. Over the year to September, the value of renovations activity totalled \$33.00 billion which represented an increase of 3.8 per cent on a year earlier.

Renovations activity is receiving a boost from the low interest rate regime in place – and the possibility of further reductions in the cost of borrowing means that renovations activity could benefit even more. The strength of dwelling price growth in key east coast markets has also been supportive of renovations activity. Over the longer run, the large expansion in the stock of detached houses in the 30-40 year category is likely to act as an important source of renovations demand.

The HIA Renovations Market Survey conducted in November involved 171 participants who completed 2,092 renovations jobs between them. The majority of these were valued at \$40,000 or less, with kitchen renovations, repairs/maintenance and bathroom renovations representing the

main types of work. The vast majority of renovations work is conducted on detached houses, with houses in the 21-30 year age bracket accounting for the single largest portion of work.

During 2015, the volume of renovations activity is estimated to have increased by 4.5 per cent with growth expected to slow to 3.3 per cent during 2016. Leading indicators of market activity for 2017 (approvals, renovations lending) are on the downside and growth is therefore expected to slow to 0.6 per cent before accelerating to 2.4 per cent in both 2018 and 2019. From an estimated market size of \$33.26 billion in 2016, the volume of renovations activity is anticipated to expand by a total of 5.5 per cent by 2019 to reach \$35.07 billion.