

## **MEDIA RELEASE**

4 August 2021

### **Master Builders Victoria says HomeBuilder-supported work starting to wane but momentum spurs growth in Victorian home renovation market**

Official results out this week reveal that the forward pipeline of HomeBuilder-supported work is starting to wane, however, the momentum generated by the scheme appears to have set off a new round of growth in the Victorian home renovations market.

Activity related to housing investors and higher density home building has also started to expand strongly.

Master Builders Victoria CEO Rebecca Casson said there are increasing signs that the HomeBuilder sugar hit is starting to fade with a 2 per cent drop in approvals for new detached houses in Victoria during June 2021.

“The successful HomeBuilder program was implemented last year at a time that our industry was facing a cliff. It is therefore pleasing to see that activity on this front is still well ahead of this time last year by nearly 40 per cent,” Ms Casson said.

“The number of owner occupier loans for new home construction fell by 6.2 per cent in June 2021, but again, activity is still up 53.4 per cent from a year ago.”

Ms Casson said home renovations were arguably the brightest light in the property market now.

The total value of major home renovation approvals rose by nearly 30 per cent in Victoria in June 2021 to \$342.7 million. This figure was up nearly 50 per cent on a year ago.

“The number of loans to owner occupiers to support home alterations, additions and repairs also jumped by 13.3 per cent in June 2021,” Ms Casson said.

“Home renovation loans to owner occupiers are up 79 per cent on their level of 12 months ago.”

While HomeBuilder has been successful in firing up owner occupier demand, Ms Casson said that there is increasing evidence - to use an Olympics analogy - that the baton was being successfully passed to investors.

“The number of loans to housing investors for the construction of a new home rose by 11.8 per cent in Victoria in June 2021 – some 60 per cent higher than a year ago,” Ms Casson said.

Ms Casson said the lack of inward migration to Australia since March of last year has resulted in rental price falls in some markets, as well as sharp increase in vacancy rates.

“Despite the challenges facing the rental market, there is more and more evidence that the activity is expanding in the higher density end of the market,” she said.

It is important to note that the building and construction industry is still facing serious supply chain issues and trade shortages.

To address this, MBV is continuing to work with Victoria’s Better Regulation Commissioner and Red Tape Commissioner, Anna Cronin, to seek short, medium and long-term solutions.

**ENDS**

#### **MASTER BUILDERS VICTORIA**

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Since 1875, Master Builders Victoria has grown to be Victoria’s leading building and construction industry voice.

A broad-based organisation, we service the needs of the entire industry, from residential to commercial and engineering businesses, principal contractors to subcontractors, manufacturers and suppliers.

We continually assist in developing the skills of our members by providing access to a wide range of services and proactive representation to government and industry. Master Builders Victoria also serves the community by fostering best practice work standards and acting as an independent advisory service for our industry.

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