

Housing Industry Forecasting Group

Forecast
Dwelling Commencements
in Western Australia



April 2016 Update

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Executive summary

The April 2016 report reviews and updates the group's October 2015 forecast with the latest available data.

HIFG Forecast of Dwelling Commencements in WA, 2015-16 to 2018-19		
Financial Year	Dwelling Commencements	% change
2014-15 (actual)	31,194 (30,000 forecast)	
2015-16 (forecast)	23,000	-26%
2016-17 (forecast)	19,000	-17%
2017-18 (forecast)	20 – 22,000	
2018-19 (forecast)	22 – 24,000	

The report's key points are as follows:

- WA's **population growth continues to slow** with a 1.3% increase in the year to September 2015. This equated to an increase of 32,542 people, 15% lower than the prior year.
- **Population growth is critical to dwelling commencements.** Continued uncertainty around future growth levels means it is very difficult to accurately forecast levels of dwelling commencements beyond 2015-16.
- **Lots sales** continue to slow, falling by 24% on a year-on-year basis in December 2015.
- HIFG foresees **no difficulty** in meeting the predicted need for **serviced residential lots** in the forecast period.
- **Building approvals** are now falling rapidly after reaching record highs in 2014-15.
- **Dwelling commencements are also falling.** There were 13,565 dwellings commencements in the six months to December 2015, 18% lower than the same period last year. The Group expects dwelling commencements to continue to fall in coming quarters and, as a result, has **maintained its forecast of 23,000 dwellings for the 2015-16 financial year.**
- HIFG has **downgraded its dwelling commencement forecast for the 2016-17 financial year from 20,000 to 19,000 dwellings.** This is due to expectations of persistently low population growth, combined with a very strong supply of dwellings in the established purchase and rental markets providing buyers and renters with choice.
- The number of dwellings financed by **first-home buyers has fallen sharply** in recent months. This decline may be due to a combination of the removal of the grant for established dwellings and overall market conditions.
- REIWA data shows that **established home sales fell** by 15% in 2015 compared to the previous year.
- The Perth **rental vacancy rate** has risen over the year and sits at 5.6%. In line with this, Perth median rent has fallen to \$395 per week.
- Despite declining rents, the situation in the private rental market remains very difficult for households on low incomes. A household on a lower quartile income (around \$42,000) spending no more than 30% of their income on rent would be able to afford a rent of only \$240 per week. Less than 10% of Greater Perth rentals in the December quarter were available at or below this rent.
- Housing affordability for home purchase, although improving slowly, continues to be a significant issue for Western Australian households on low or moderate incomes. There is a mismatch between incomes and dwelling prices with a household on a median income being unable to afford an entry level dwelling at the lower quartile price of \$422,000 if they were to spend only 30% of their income on mortgage costs.

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1 Introduction

The Housing Industry Forecasting Group (HIFG) provides a forecast of dwelling commencements and residential-lot availability for Western Australia to assist government and industry in their forward planning. This report updates the October 2015 report which delivered a forecast for the period 2015-16 to 2018-19, adjusting the previous forecast, where necessary, in the light of new data.

2 Housing industry drivers

2.1 Economic overview

Western Australia's (WA) domestic economy remains weak. Although State Final Demand (SFD) is an imperfect measure of the State's economy, it can be used to identify growth trends. SFD contracted by 2.3% in the December quarter 2015 in real seasonally adjusted terms, following a 1.4% fall for the September quarter. Total private gross fixed capital formation continued to be the largest detractor from growth with a 7.4% fall in December, driven by a large drop in non-dwelling construction. The State Treasury Economic Forecast¹ predicts a further decline in SFD for 2016-17 followed by a recovery thereafter. The overall Western Australian economy, measured by Gross State Product growth, was forecast by WA Treasury to grow at 1.5% at the time of the mid-year review, well below long-run averages.

The December edition of the CCI Survey of Business Expectations found that businesses are increasingly concerned about the State's economic outlook, despite further relief from cost pressures. Two-thirds of businesses expect the local economy to deteriorate over the coming 12 months, unchanged from last quarter. 5% of respondents now expect conditions to improve in 2016, up slightly from 4% last quarter.

The *CCI-WA Super Survey of Consumer Confidence* showed a sharp drop-off in short-term confidence from the December quarter 2015 to the first quarter of 2016. The survey found that just under half of respondents expect the WA economy to remain relatively unchanged in the short-term, while just 5% of respondents expect economic conditions to improve next quarter. Consumers are also pessimistic about the medium-term outlook for the State's economy: just over 50% of respondents expect the WA economy will worsen over the next 12 months, while 19% of respondents expect conditions to improve over the coming year. The results of both surveys have implications for employment growth and general economic confidence which both affect housing demand.

The ANZ/Property Council of Australia's survey of property industry confidence improved slightly in the June quarter, after falling for almost three years. However, the index still remains in the negative, and is well below other States.²

WA's trend unemployment rate has dropped from a peak of 6.3% in October last year, to 5.7% in March. However, the decline was in part due to a falling participation rate, although the latter remains the highest of any state. Total hours worked in WA are contracting sharply even as they grow strongly in the rest of Australia, while WA's underemployment rate hit a new historical high of 9.1% in February. A total of 30,000 full-time jobs were lost in the year

¹ WA Department of Treasury Economic Forecasts

² ANZ/Property Council Survey June Quarter 2016

to March 2016, although total employment was flat, so part-time employment roughly offset the loss of full-time jobs.

2.2 Finance sector

Interest rates are likely to remain around their record low levels in the short term, with the Reserve Bank of Australia leaving the cash rate on hold for April. Given well contained inflationary pressures, the RBA has been able to maintain a low cash rate to encourage the borrowing and spending that stimulate growth. As noted in the RBA's statement for the meeting in April, several advanced economies have recorded improved growth over the past year, although China's growth rate continues to moderate. In Australia, available information suggests that the economy is continuing to rebalance following the mining investment boom.

There is no sign of the Australian Prudential Regulation Authority relaxing recently imposed restrictions on high loan to valuation ratio lending and investment loans. Moreover, the RBA cited Perth, along with Melbourne and Brisbane, in its latest *Financial Stability Review* as a potential source of stress in high-density construction markets. So while low and stable interest rates would normally support a shallow cyclical downturn in construction, demographic trends are likely to outweigh interest rates as a driver of dwelling commencements.

2.3 Population growth

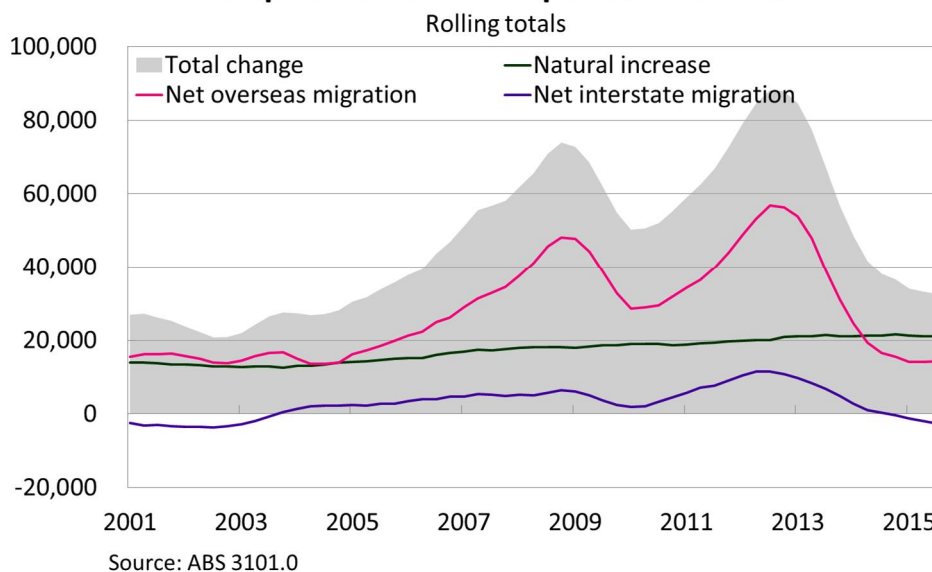
Western Australia's population growth continues to slow, with a figure of 1.3% recorded for the year to September 2015 (Figure 1). Western Australia's estimated residential population is now 2,598,220.

- WA's population grew by 32,542 people in the year to September quarter 2015, a decline on the previous year when the population grew by 38,114 people.
- Net interstate migration is negative, falling by 2,721 over the year. Net interstate migration has now been negative for six quarters.
- Net overseas migration grew by 14,249 in the year to September 2015, compared to 16,561 in the previous year.
- The WA results were in line with the national rate which also grew at 1.3% in the year to September 2015.

Declining levels of population growth, particularly net overseas migration, are expected to dampen demand for housing in the short term, both in the rental market and in the owner occupier sector; established and new builds. Uncertainty over future population growth remains the key risk to the accuracy of HIFG's forecasts of future dwelling commencements.

Figure 1

Components of WA Population Growth

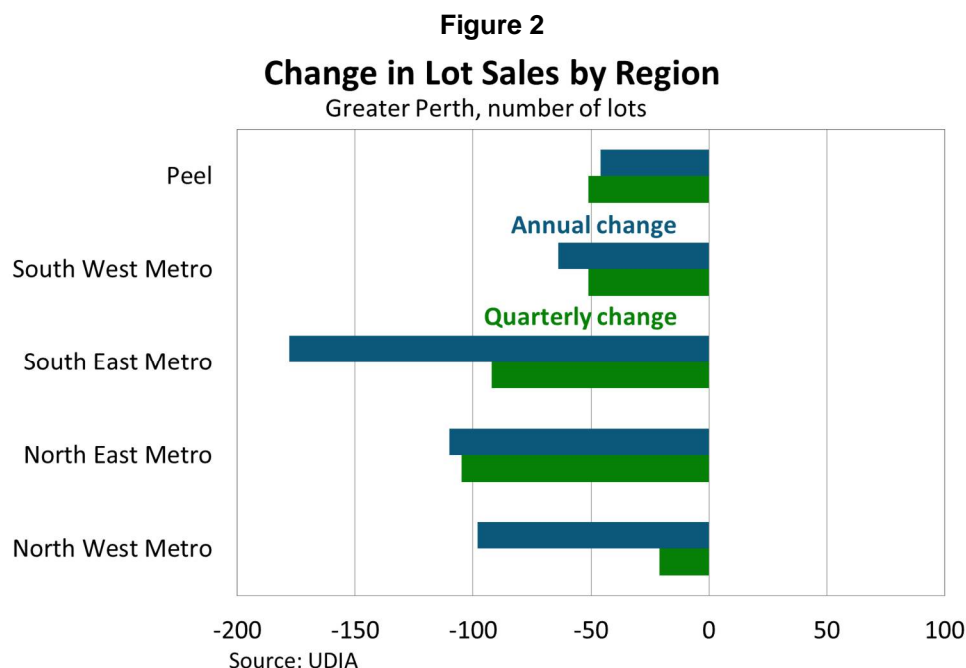


3 Residential land market activity and trends

3.1 Residential land sales

The effects of a slow Western Australian economy and lower population growth was evident in the December quarter 2015 with lot sales for Western Australia contracting by 24% on a year-on-year basis and 15% in the quarter. Developers' focus on providing more product at the lower end of the price range has contributed to the average lot size for Greater Perth falling to 380m² in the December quarter 2015, the smallest in the country.

While activity has been subdued compared to the growth period of 2013-14, the December quarter 2015 was the first quarter in this cycle that lot sales for Greater Perth have dropped below the 10 year average. December quarter sales (1,658) eased to 87% of the 10 year rolling average, down from 102% recorded in the September quarter (1,957). Nonetheless, activity levels remain well above previous trough volumes: in 2011 lot sales for Greater Perth averaged 1,320, while in 2008 they averaged 1,101. Sales are therefore declining, but far from historic lows. Lots sales have fallen in all regions of Greater Perth (Figure 2).



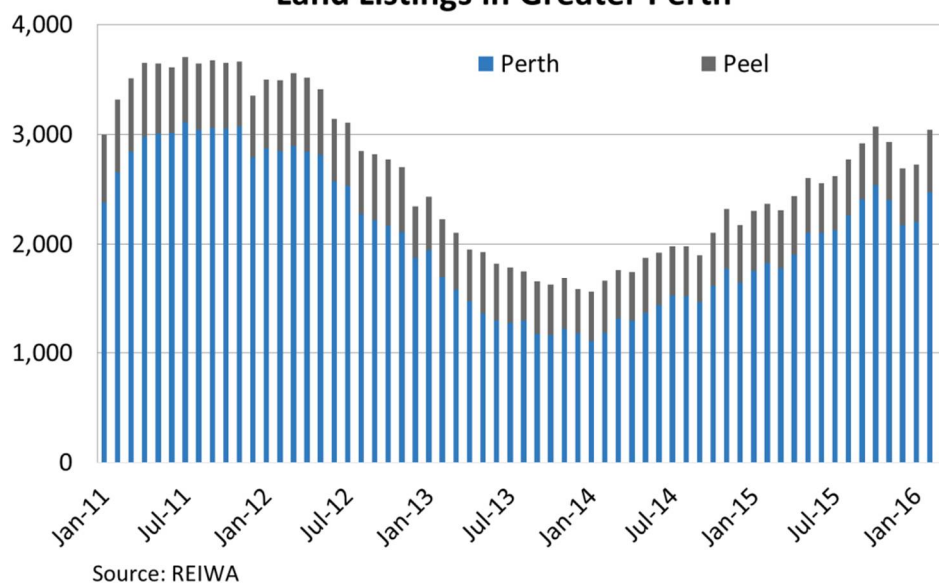
According to the latest number of settled land sales figures from Landgate/REIWA, 10,920 lots were sold in WA in calendar year 2015, with 8,047 in Perth. However, these figures are expected to increase, as pre-sales in 2015 continue to settle. The median land price in Perth has remained fairly stable from the December quarter 2014 to September quarter 2015, moving between \$260,000 and \$269,500 on a quarterly basis. In the December quarter 2015, the median residential land sale price in Perth rose to \$280,175, up 7% over the year while remaining steady in regional WA at \$177,750.

3.2 Land on the market

Figure 3 shows listings of vacant land by REIWA members. Perth listings fell from the high point of 3,110 lots in July 2011 to a low point of 1,111 lots in January 2014, after which they have been rising steadily. The March 2016 figure of 2,483 was 39% higher than a year ago. There was considerable variability in other regions as of March 2016 with the Mandurah/Murray region up 16% to 614, Greater Bunbury up 3% to 180 lots and Geraldton/Greenough down 19% to 246.

Figure 3

Land Listings in Greater Perth



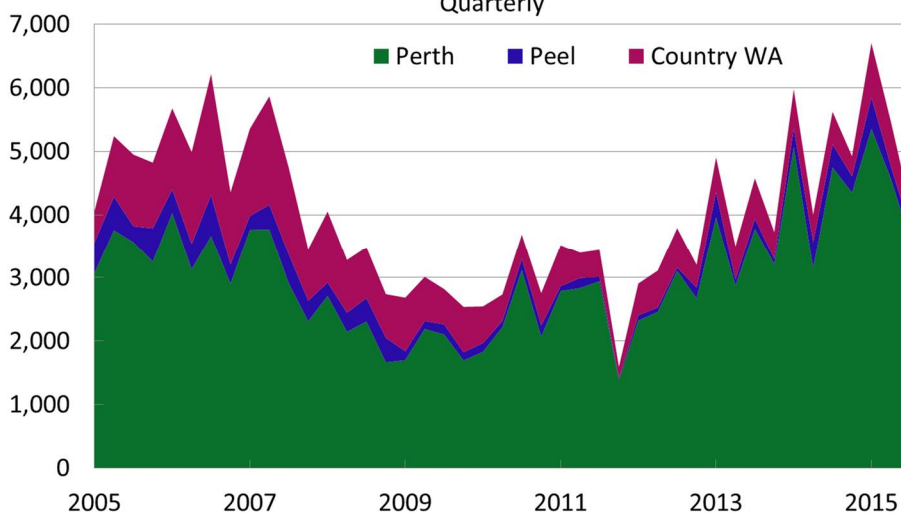
3.3 Land development trends

Final lot approvals are now trending downwards steeply after peaking at 6,703 in the June quarter 2015 (Figure 4). There were 4,136 final lot approvals in Western Australia as at the December quarter 2015, 3,593 of which were in Perth, and 184 in the Peel region. This decline is significant in terms of forecasting dwelling commencements as fewer approvals mean fewer lots for housing development. Lot approvals include green title and survey-strata subdivision approvals and can be considered a leading indicator for single residential (rather than multi-unit) construction.

Figure 4

Final Lot Approvals

Quarterly



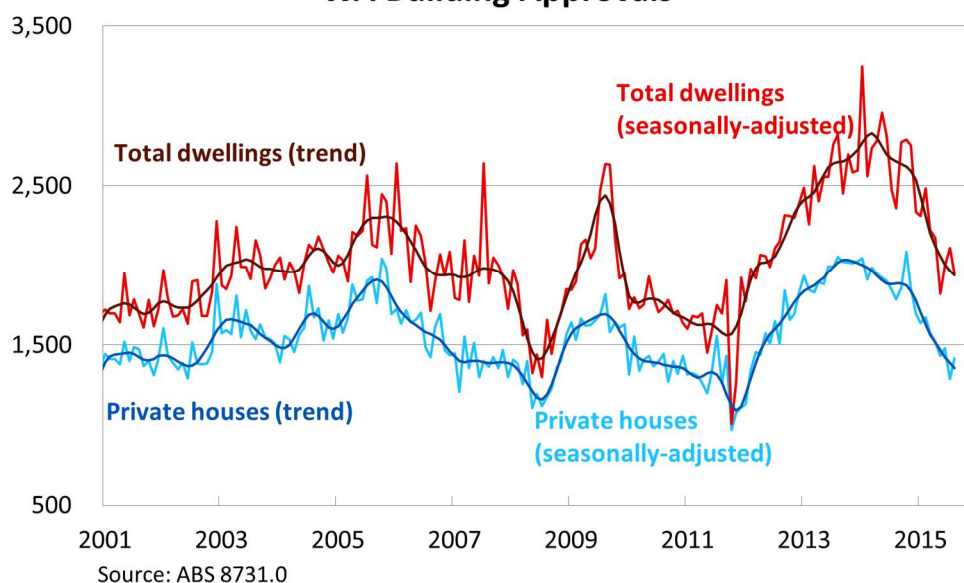
4 Building industry activity and trends

4.1 Building approvals

Building approvals reached a record high of 32,454 in the 2014-15 financial year, but have since been falling rapidly (Figure 5). In the eight months to February 2016, total financial year-to-date seasonally-adjusted dwelling approvals were 17,058, down 22% compared to the same period in 2014-15. In trend terms, building approvals in Western Australia peaked in September 2014 and have now been falling for 17 months. Approvals for both houses and other dwellings have been trending downwards. Approvals are a lead indicator for commencements with falls in approvals feeding through into commencement figures.

Multi-residential approvals made up 28% of seasonally-adjusted approvals in the financial year-to-date, compared to the decade average of 22%. The strength of the multi-residential sector over the next 12 months is crucial to overall levels of dwelling commencements and will play a big part in determining the extent of the decline.

Figure 5
WA Building Approvals



4.2 Dwelling commencements, completions and work in progress

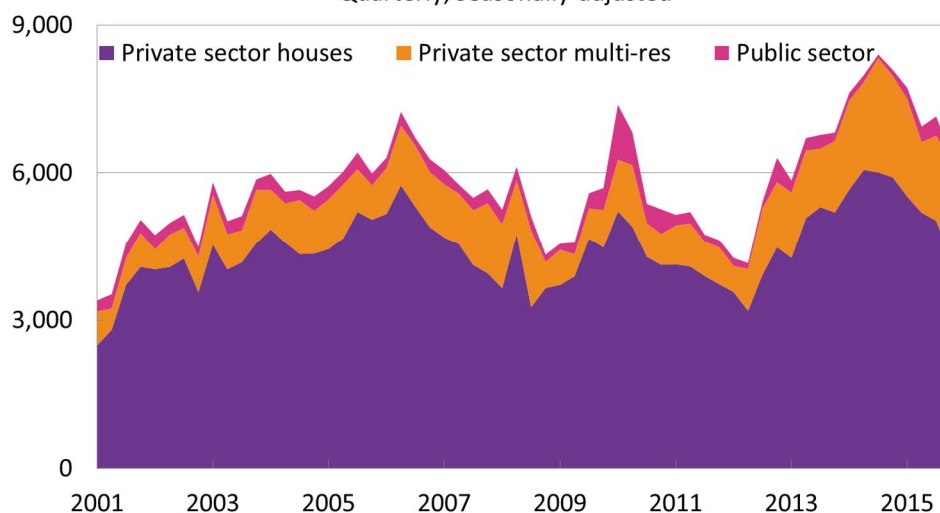
4.2.1 Dwelling commencements

Dwelling commencements in Western Australia reached a record high of 31,161 in seasonally-adjusted terms in 2014-15 (31,194 in original terms) (Figure 6). Dwelling commencements have since fallen; in the six months to December 2015, 13,565 dwellings were commenced in seasonally-adjusted terms (14,046 in original terms). This is 18% lower than the same period in the previous year. Private sector houses fell by 22% over the same period, while private sector multi-residential dwellings fell by 16%. The figures are consistent with our October forecast of a 26% decline over the full year.

Figure 6

WA Dwelling Commencements

Quarterly, Seasonally-adjusted



Source: ABS 8752.0

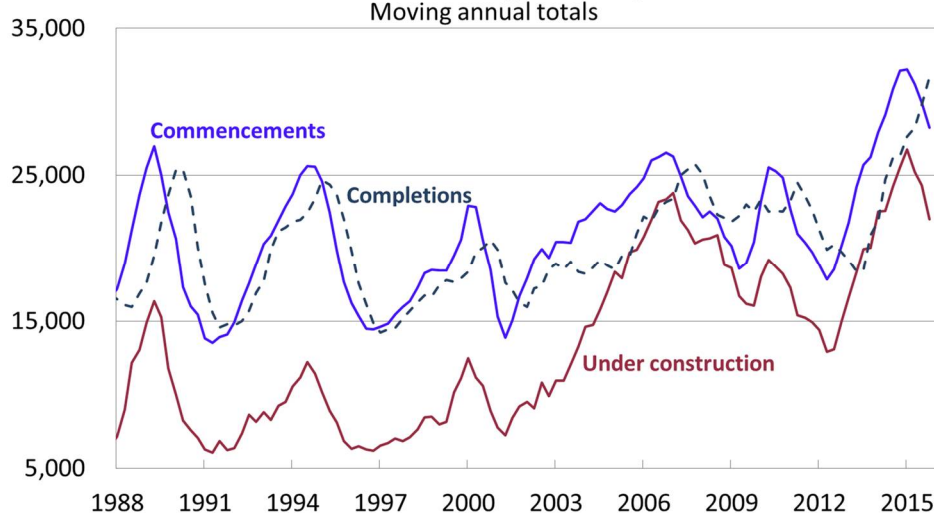
4.2.2 Completions

Completions rose to 17,278 in the 6 months to December 2015, 25% higher than the same period in the previous year. Completions are likely to decline in coming quarters, following the decline in commencements. Good availability of trades is reducing build times which is contributing to strong growth in completions (Figure 7).

Figure 7

WA Building Activity

Moving annual totals



Source: ABS 8752.0

4.2.3 Residential construction work in the pipeline

There were 21,600 dwellings under construction in the December quarter 2015, 15% lower than at the corresponding period in the previous year (Figure 8).

The percentage of multi-residential construction remains high at 42% in the December quarter, and has remained above 30% for the past three years. The multi-residential component is generally higher than the overall level of approvals and commencements due to the longer construction times for this type of building.

As at the December quarter 2015 there were 3,179 building approvals not yet commenced (Figure 9), roughly the same as the corresponding quarter in the previous year. Multi-residential approvals made up 46% of dwellings not yet commenced in the quarter, well above the decade average of 33%. It remains to be seen how many of these multi-residential approvals will actually proceed given prevailing market conditions.

Figure 8
WA Dwellings Under Construction
Quarterly

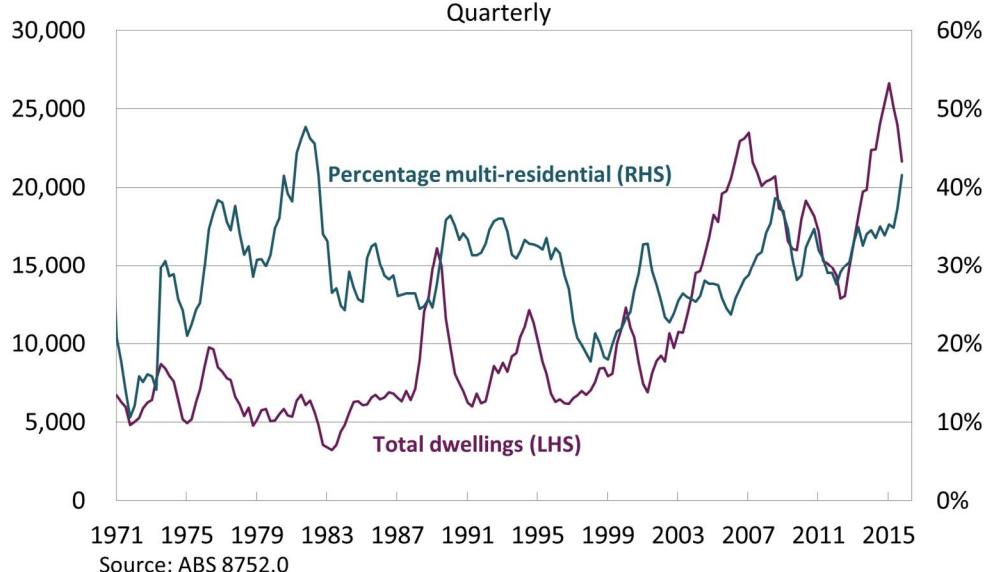
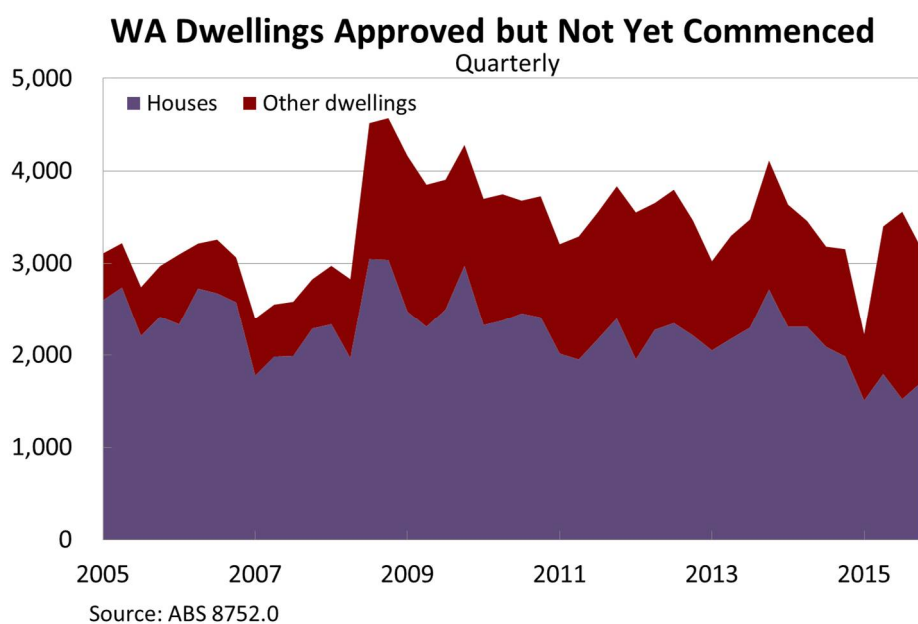


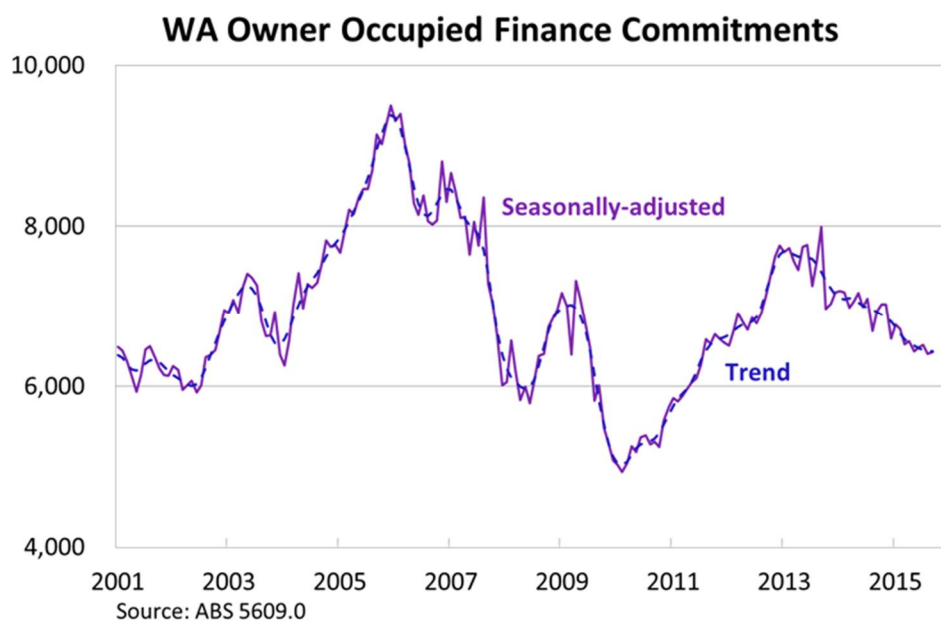
Figure 9



4.2.4 Housing finance

Finance commitments for owner occupied housing continue to trend downwards, as they have since mid-2013. There were 52,082 seasonally-adjusted finance commitments in the 8 months to February 2016, compared to 56,116 in the 8 months to February 2015 (Figure 10).

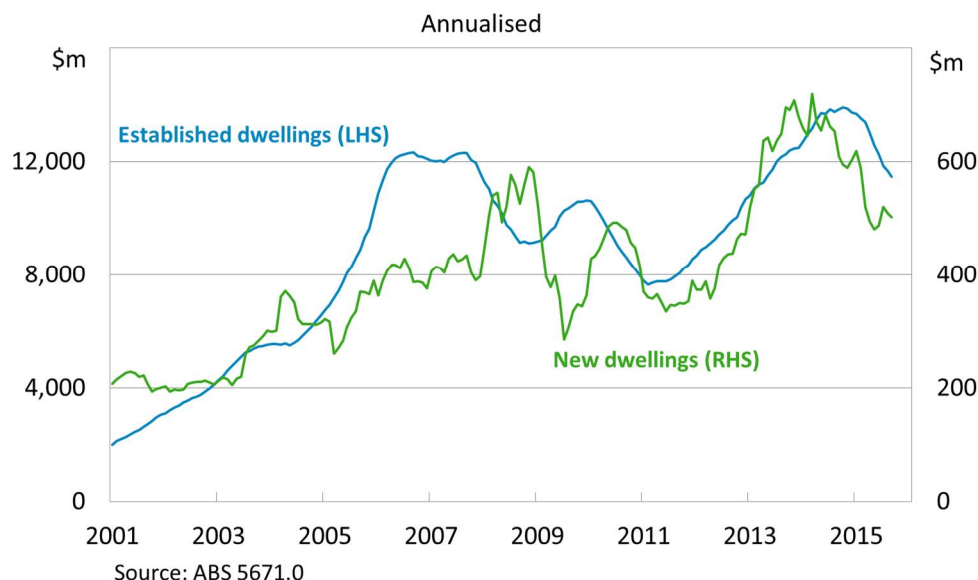
Figure 10



Finance commitments for dwelling investment are also trending downwards. In the year to February 2016, the value of finance commitments for new dwellings totalled \$502 million,

down 17% on the same period in the previous year, providing further evidence that dwelling commencements are likely to fall in coming quarters. Commitments for established dwellings also fell by 17% over the same period to \$11,464 million (Figure 11).

Figure 11
WA Finance Commitments for Housing Investment



5 Housing market trends

5.2 New homes market

House sales by major builders picked-up slightly in the months of January and February 2016, after falling in the last half of 2015. New home sales have now been trending downwards since October 2014.³

5.3 Established dwelling market

Perth house sales experienced a 15% decrease and multi-residential sales were down 11% in 2015 compared to the previous year. On a quarterly basis, Perth house sales saw a continuous decline quarter-on-quarter during 2015 before picking up marginally in the first quarter of 2016 based on REIWA's preliminary data.

Prices for both Perth houses and units declined over 2015 (Figure 12). Based on preliminary figures for the March quarter 2016, REIWA reports that the Perth median house price sits at \$520,000, with the median unit price at \$428,523. The lower quartile price for houses in Perth also fell in the quarter to \$422,000.

Regional sales represented 23% of WA's total house sales in 2015. All regional centres experienced reduced overall sales activity in 2015 compared to the previous year. Preliminary March quarter 2016 figures show some stabilisation across the lower quartile, upper quartile and median house prices as illustrated in Table 1 below. However, housing market conditions vary considerably by region.

³ HIA New Home Sales Report February 2016

Table 1

House prices in Perth and major regional centres, Preliminary data March quarter 2016

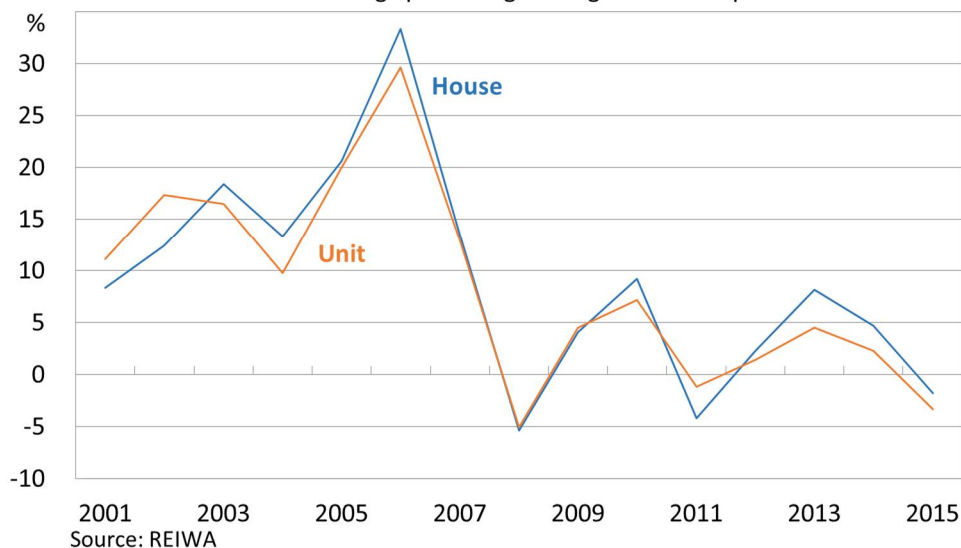
Region	Lower Quartile	Median	Upper Quartile	Median Quarterly Change	Median Annual Change
Perth Metro Region	\$422,000	\$520,000	\$680,000	-3.7 %	-6.3 %
Regional WA	\$285,000	\$380,000	\$477,500	2.4 %	-3.8 %
Albany Urban Area	\$325,000	\$390,000	\$475,000	3.7 %	0.0 %
Broome Urban Area	\$417,500	\$455,000	\$537,500	-20.9 %	-22.4 %
Bunbury Greater	\$319,000	\$397,000	\$475,000	5.9 %	1.8 %
Busselton Urban Area	\$400,000	\$449,000	\$585,000	-4.5 %	-1.3 %
Carnarvon Urban Area	\$350,000	\$372,500	\$395,000	18.3 %	0.9 %
Esperance Urban Area	\$280,000	\$347,500	\$515,000	-4.8 %	-14.7 %
Geraldton/Greenough	\$220,000	\$316,000	\$400,000	-13.4 %	-18.7 %
Kalgoorlie/Boulder	\$267,500	\$305,000	\$415,000	-4.7 %	-9.6 %
Karratha Urban Area	\$257,500	\$330,000	\$403,500	-9.7 %	-25.0 %
Mandurah/Murray	\$330,000	\$395,000	\$495,000	2.2 %	-6.0 %
Northam	\$165,500	\$227,500	\$371,500	-5.2 %	-1.1 %
Port Hedland	\$347,500	\$525,000	\$746,220	5.0 %	-19.2 %

Source: REIWA

Figure 12

Perth House Price Growth

Annual average percentage change in median price



Source: REIWA

5.4 First-home buyers' market

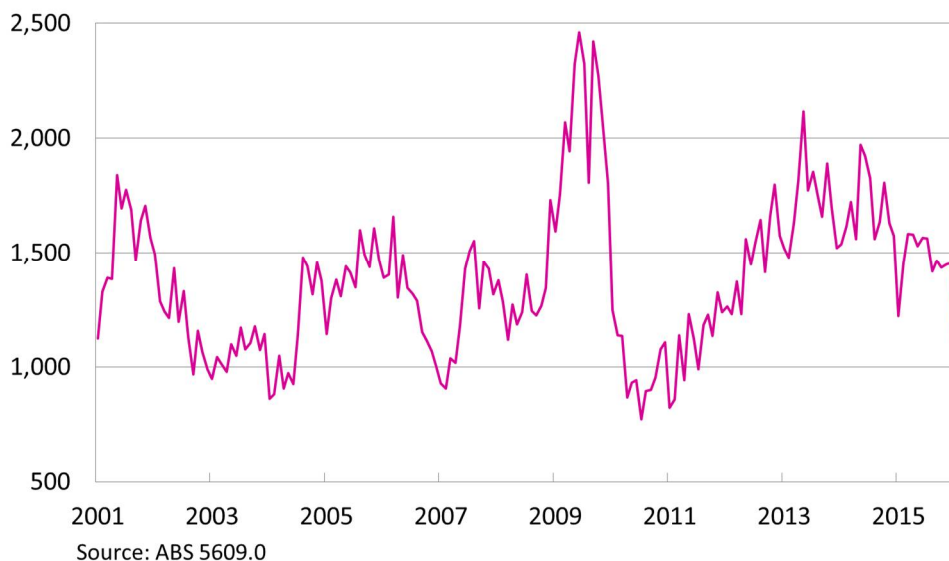
The First-home Owner Grant (FHOG) for existing dwellings was removed in October 2015. The grant for new dwellings remains at \$10,000.

ABS data shows that the number of dwellings financed by first-home buyers has fallen over the year, despite a small pick-up in the month of February. ABS data shows there were 11,158 dwellings financed by first-home buyers in the 8 months to February 2016, 12% lower than the same period in the previous year (Figure 13). According to REIWA data, the proportion of first home buyers in established home sales fell to 22% in the

December quarter 2015. While the removal of the grant is likely to have had some impact and may have pushed buyers towards new dwellings, the decline is likely due to a number of factors including a general lack of confidence in the market and subdued economic conditions. Other factors likely to be behind the decline include more difficult labour market outcomes for younger workers and tighter finance requirements by banks which tend to disproportionately affect first-home buyers.

Figure 13

First-home Buyer Dwellings Financed

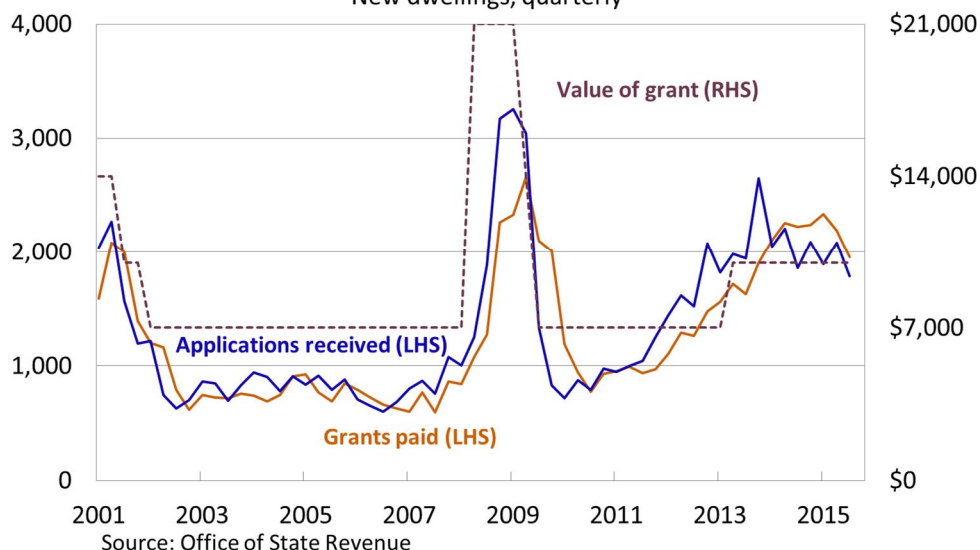


Office of State Revenue data on grants for new dwellings also shows a downwards trend (Figure 14).

Figure 14

FHOG Applications and Grants

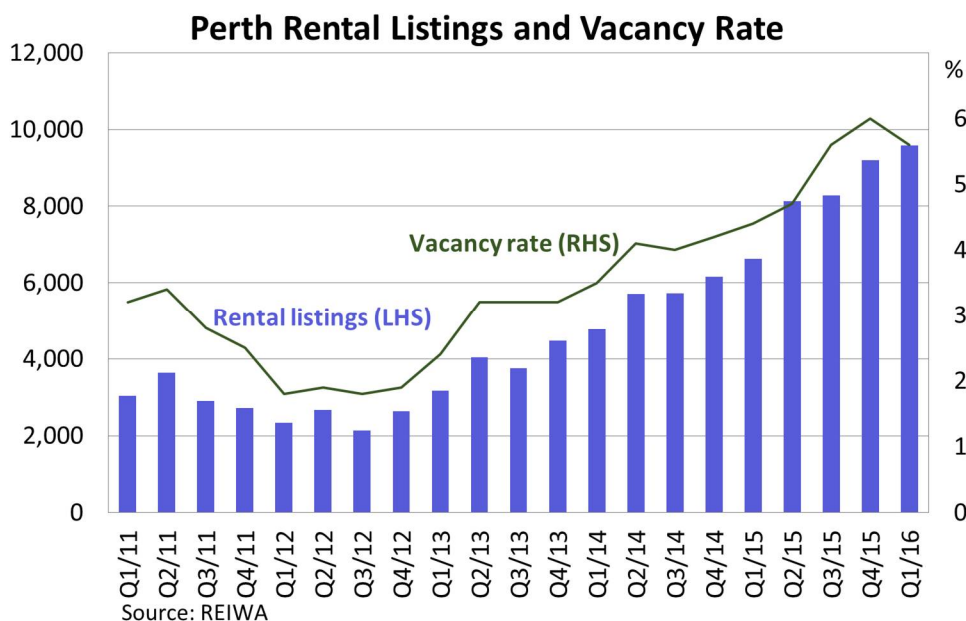
New dwellings, quarterly



5.5 Private rental market

Conditions in Perth's rental market remain soft. The overall preliminary median rent for the March 2016 quarter fell to \$395 per week, the lowest since September 2011 quarter. The vacancy rate fell back slightly in the March quarter 2016, to 5.6%, but remains far higher than the 4.4% it was in the March quarter 2015 (Figure 15). In the Perth metro region, rents for both houses and units declined throughout 2015. Preliminary March quarter 2016 figures shows some general stabilisation and a slight dip in some cases across lower quartile, upper quartile and median prices for houses as per Table 2 below. Good availability of rentals and lower rental prices are likely to dampen demand for new housing.

Figure 15



Comparative data for regional centres for the March quarter 2016 (Table 2) shows significant declines in rental prices, particularly in those areas exposed to the mining sector.

Table 2

Private sector rents in Perth and major regional centres, Preliminary data March quarter 2016

Region	Lower Quartile Rent	Median Rent	Upper Quartile Rent	Median Quarterly Change	Median Annual Change
Perth Metro Region	\$340	\$395	\$470	-1.3 %	-8.1 %
Regional WA	\$295	\$350	\$420	-10.3 %	-2.8 %
Albany Urban Area	\$310	\$350	\$388	2.9 %	0.7 %
Broome Urban Area	\$350	\$450	\$597	-8.2 %	-10.0 %
Bunbury Greater	\$300	\$340	\$380	-2.9 %	0.0 %
Busselton Urban Area	\$360	\$400	\$430	0.0 %	-2.4 %
Esperance Urban Area	\$300	\$330	\$390	0.8 %	1.5 %
Geraldton/Greenough	\$250	\$310	\$345	-3.1 %	-3.1 %
Kalgoorlie/Boulder	\$280	\$320	\$400	-8.6 %	-8.6 %
Karratha Urban Area	\$350	\$450	\$600	-40.0 %	-30.8 %
Mandurah/Murray	\$300	\$340	\$390	-2.9 %	-8.1 %
Northam	\$280	\$318	\$380	2.4 %	-3.8 %
Port Hedland	\$300	\$400	\$573	-20.0 %	-46.7 %

Source: REIWA

6 Housing affordability in WA

6.1 Home ownership

Housing affordability remains a challenge in Western Australia, despite some positive incremental developments in the form of low interest rates and easing house prices highlighted above. Western Australian households on low incomes are essentially locked out of home ownership. For example, a household on the lower quartile income in Perth (approximately \$42,000) would only be able to afford a dwelling priced at \$205,000 if they were to spend only 30% of their income on repayments (the standard measure of housing stress). This also assumes that the household is able to save a 10% deposit, which would likely be extremely difficult for a low income household in the private rental market. There would also be additional costs associated with mortgage insurance. Less than 2% of properties sold in Perth in the December quarter 2015 were within this price range. Further, the lower quartile cost of a house in Perth (a good indicator of entry level housing) is around \$422,000, far outside the reach for a low income household.

While conditions are somewhat improved for those on moderate incomes, housing affordability still remains an issue. A median income household in Perth, earning approximately \$86,000 would be able to afford (using 30% of income as repayments) a house worth \$416,000, well below the median house price of \$520,000, and also below the lower quartile price of \$422,000. This mismatch between incomes and prices highlights the problems faced by households trying to enter into owner occupation. Once in owner occupation, mortgage default rates remain very low at under 1%.⁴

6.2 Private rental

The situation is also difficult for those in the private rental market, despite rents falling in recent quarters. A lower quartile household, earning approximately \$42,000, spending no more than 30% of their income on rent would be able to afford a rent of \$240 per week. This is well below the lower quartile rental price of \$340, and less than 10% of Perth rentals in the December quarter were available at or below \$240 per week. Despite rent falls, affordability in the private rental sector remains a major concern for households on low incomes, even with access to Commonwealth Rent Assistance. In contrast, a median income household would be able to afford rent of around \$490 per week, above the median rent of \$395 per week. A median income household, earning approximately \$86,000, could access 75% of rentals available in the market.

7 Housing industry resources and challenges

7.1 Construction costs, building materials and labour supply

The Perth new home price index increased by 1.4% in the year to December 2015, slightly below the 1.5% per cent increase in the Perth consumer price index.⁵ The price of building materials used in housing construction increased by 2.3% in the year to December 2015, slightly below the 3.6% increase for the six major capital cities.⁶ There is currently good availability of skilled tradespeople, and the rate of growth in trade prices has eased, with

⁴ Fitch Ratings Mortgage Delinquency Report.

⁵ ABS 6401, Table 10.

⁶ ABS 6427, Table 18.

reductions in prices for some trades, such as bricklayers. There is also a good supply of building materials and a higher level of competition in the industry which has constrained overall price growth.

7.2 Industry issues and short-term challenges

The HIFG highlighted a number of potential pressures on housing in WA in the forecasting horizon:

- Members noted that the availability of finance has tightened for some purchasers. This is partly due to the supervisory measures introduced by the Australian Prudential Regulation Authority to constrain growth in the Sydney and Melbourne housing markets, but which nonetheless affect Western Australia.
- The availability of Keystart Home Loans is viewed as a key factor assisting housing affordability and helping first-home buyers into the market. Members noted that any change to Keystart eligibility criteria could negatively affect housing affordability and the broader housing market.
- Some potential purchasers are running into difficulty with valuations coming in lower than expected, particularly land valuations for new builds, restricting their access to finance. This may put some pressure on future commencements if a lower proportion of building approvals convert to commencements.
- Members remarked that the full potential impact of new bushfire management regulations is still unclear.
- There exists some uncertainty about the final impact of Perth and Peel at 3.5 Million and Perth and Peel Green Growth Plan for 3.5 Million. Both plans, and their associated maps, are still to be finalised.
- There remain delays to the rezoning and approvals processes which are impacting the development pipeline. Members acknowledge the continued reform of the planning system and hope it will lead to more efficient development outcomes going forward.
- Members expressed continued concerns that taxes, fees and levies charged by various levels of government were adding to the cost of developing housing, and therefore negatively impacting housing affordability.

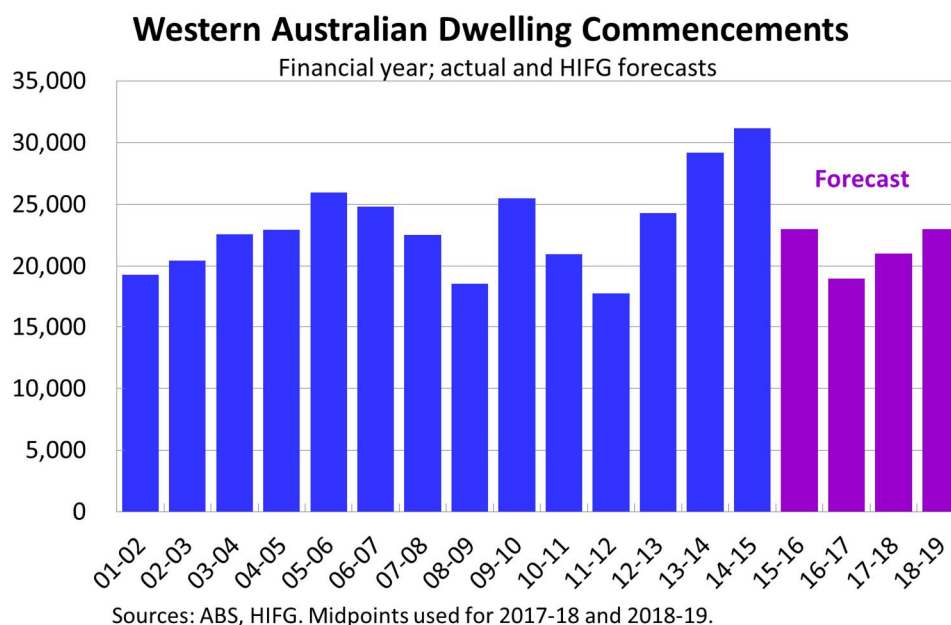
8 Forecast of dwelling commencements and land supply

8.1 HIFG's Forecast of Dwelling Commencements

HIFG Forecast of Dwelling Commencements in WA, 2014-15 to 2018-19		
Financial Year	Dwelling Commencements	% change
2014-15 (actual)	31,194 (30,000 forecast)	
2015-16 (forecast)	23,000	-26%
2016-17 (forecast)	19,000	-17%
2017-18 (forecast)	20 – 22,000	
2018-19 (forecast)	22 – 24,000	

Members agreed to maintain the 2015-16 forecast of 23,000 dwellings. Dwelling commencements have fallen in the first half of the financial year and the available data suggests they will fall further in the second half. Low population growth and a lack of market confidence are considered the key drivers behind the lower rate of commencements. Strong availability in the rental market provides potential purchasers with less incentive to move into ownership while a significant supply of established dwellings for sale provides those households that do seek to purchase potential value when compared to new build. While 23,000 commencements is a large fall from the peak of 31,194 in 2014-15 it remains in line with longer term averages (Figure 16).

Figure 16



The Group has reduced its forecast for 2016-17 to 19,000 dwellings (previously 20,000). The reduction is due to expectations of persistently low population growth in Western Australia. Forward looking indicators, such as building and lot approvals, have been falling and the general economic outlook remains weak. There is expected to be continued good availability of stock in the established market, both for purchase and rentals, which is likely to dampen demand for new housing. Population growth remains the key risk, on both the upside and

downside, for the Group's forecasts and any material changes in the outlook for population growth (which is likely to move in line with general economic conditions in Western Australia) will impact the actual level of commencements.

Forecasts for the outer years were maintained at their previous levels. The Group expects a subdued pick-up in 2017-18 and 2018-19 after the trough in 2016-17.

8.2 Assessment of serviced residential land supply

On the basis of 1.3 dwellings per lot⁷, our forecast suggests there will be a need for around 17,700 residential lots in 2015-16 reducing to 14,600 in 2016-17 and picking up to 15,000-18,000 in the outer years of our forecast horizon. Demolitions will provide between 2,500-3,000 lots per annum, resulting in a need for around 15,000 lots this financial year, to be supplied from new land developments and vacant unsold serviced lots. Despite some fall in final lot approvals in the past few months, approvals remain at healthy levels and land listings remain relatively high. **HIFG foresees no difficulty in meeting the predicted need for serviced residential lots in the forecast horizon.**

⁷ The average number of dwellings per building approval over the period 2009-2014 based on ABS data.

Appendix A – Housing Industry Forecasting Group

The Housing Industry Forecasting Group (HIFG) is a joint industry and government body re-established in February 2008 to provide independent commentary on the housing sector in WA. The Department of Planning and the Housing Authority jointly provide the HIFG secretariat and research function.

Membership of HIFG is drawn from major organisations associated with the housing and land development industry in Western Australia and from government. Through its diverse membership, HIFG has access to considerable expertise and knowledge of the sector, including land development, real estate, the private rental market, social housing, building statistics, demographics, building resources and home finance.

HIFG Members – as at April 2016

Member	Organisation Represented
Alan Langford	Bankwest
Paula Gadsby	Chamber of Commerce and Industry WA
John Gelavis	Housing Industry Association
Jason Robertson	Master Builders Association
Benjamin Hammer	Chamber of Minerals and Energy
Allison Hailes	Urban Development Institute of Australia (WA)
Balveen Kaur	Real Estate Institute of WA
Adrian Warner	Housing Authority
Lino Iacomella	Property Council
Steven Rowley (Chair)	AHURI - Curtin Research Centre
Brett Coombes	Water Corporation
James Butterfield	LandCorp
Jonathan Palmer	Department of Treasury
Damien Martin	Department of Planning
Observers	
Marion Thompson	Urban Development Coordinator
Zaneta Georgievski	Australian Bureau of Statistics
Secretariat	
Cassandra Winzar	Housing Authority

