

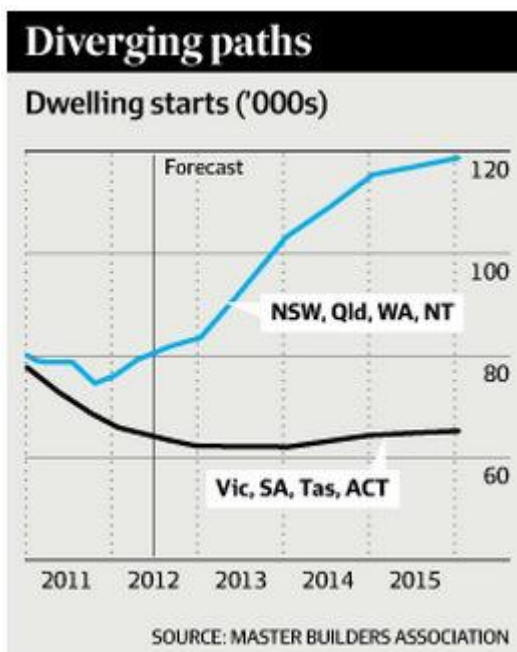
MBA forecasts housing recovery in NSW, QLD, WA, NT

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According to Master Builders Australia, the value of residential building work done in real terms is expected to grow from \$46 billion this year to \$61 billion in 2015, according to an article in today's Financial Review.

The value of residential building work has been in a slump for the past 3 years, seemingly getting worse with every month, but this trend has started reversing in half of the States. The chief economist of the MBA, Peter Jones, said that the forecast assumed that low interest rates will help release significant pent-up demand after a long period of under building. However, the recovery is only forecast for 4 States: NSW, QLD, WA, NT. The State's losing out are South Australia and Tasmania, the ACT and Victoria. In the case of Victoria, weaker employment prospects, and a ready oversupply of land, tend to weigh on the market, though as pricing gets corrected the outlook for Victoria may improve.

However, the outlook for non-residential building work remains negative, with the MBA forecasting further declines in real terms followed by what they describe as modest growth. Such growth may be driven by new activity in the commercial and industrial building sectors, though weakness is expected in social and institutional sectors and education related building. Activity in the engineering construction sector is expected to stay strong, despite the investment phase in resources starting to peak.



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