

# 15 Housing and construction

## Overview

Building activity makes a significant contribution to the Victorian economy, both directly and indirectly. New dwelling approvals in particular are recognised as a leading economic indicator. This chapter presents information on the Victorian construction industry: value of building, residential and non-residential data, engineering construction, and housing loans.

## Construction

In 1996–97, the construction industry sector contributed 6% of Gross State Product at factor cost. Victoria held a 22% share of national construction industry Gross Domestic Product at factor cost. During 1997–98, the value of Victorian construction work done was \$10,430.2 million, a 14% increase on 1996–97 (table 15.1). The value of residential building and engineering construction work done increased by 32% and 22% respectively over 1996–97. Non-residential building work done recorded a decline of 10% for this same period.

### 15.1 VALUE OF CONSTRUCTION WORK DONE

Type of construction	1992–93	1993–94	1994–95	1995–96	1996–97r	1997–98
	\$m	\$m	\$m	\$m	\$m	\$m
Residential building	3 062.5	3 450.1	3 581.5	3 261.2	3 385.5	4 470.4
Non-residential building	1 970.7	1 902.2	2 322.0	2 870.0	3 252.4	2 936.3
Engineering construction	2 098.2	2 329.1	2 409.1	2 352.6	2 472.2	3 023.5
<b>Total</b>	<b>7 131.4</b>	<b>7 681.4</b>	<b>8 312.6</b>	<b>8 483.8</b>	<b>9 110.1</b>	<b>10 430.2</b>

Source: *Building Activity, Victoria* (Cat. no. 8752.2), *Engineering Construction Activity, Australia* (Cat. no. 8762.0).

## Residential building

Residential building (including alterations and additions) valued at \$4,470.4 million accounted for 43% of all Victorian construction work done during 1997–98 (table 15.2). New houses accounted for 63% of this residential building. From 1996–97 to 1997–98, the value of work done increased for new houses by 41%, other residential building by 21%, and alterations and additions by 17%.

**15.2 VALUE OF RESIDENTIAL BUILDING WORK DONE**

Type of building	1992-93 \$m	1993-94 \$m	1994-95 \$m	1995-96 \$m	1996-97r \$m	1997-98 \$m
Houses	2 286.7	2 520.8	2 573.9	2 111.1	1 988.8	2 806.4
Other residential buildings	196.3	278.4	300.0	452.0	621.4	754.7
Alterations & additions to residential buildings	579.5	651.0	707.5	698.1	775.3	909.3
<b>Total</b>	<b>3 062.5</b>	<b>3 450.1</b>	<b>3 581.5</b>	<b>3 261.2</b>	<b>3 385.5</b>	<b>4 470.4</b>

Source: Building Activity, Victoria (Cat. no. 8752.2).

**New dwelling units**

The number of new dwelling unit approvals during 1997-98 increased by 31% over the previous year. Of the 36,438 approvals, approximately 77% were houses (table 15.3). Private sector activity accounted for about 94% of new dwelling units approved. New dwelling units created as a result of conversions accounted for about 3% of all new dwelling units.

**15.3 NEW DWELLING UNITS APPROVED, By Type and Ownership**

Year	Private sector			Public sector			Conversions etc. no.	Total no.
	Houses no.	Other no.	Total no.	Houses no.	Other no.	Total no.		
1992-93	25 969	2 186	28 155	1 189	227	1 416	12	<b>29 583</b>
1993-94	27 227	3 109	30 336	830	584	1 414	1 167	<b>32 917</b>
1994-95	25 284	3 225	28 509	601	808	1 409	1 347	<b>31 265</b>
1995-96	18 425	3 218	21 643	464	937	1 401	663	<b>23 707</b>
1996-97	19 593	6 421	26 014	212	384	596	1 240	<b>27 850</b>
1997-98	27 367	6 811	34 178	570	601	1 171	1 089	<b>36 438</b>

Source: Building Approvals, Victoria (Cat. no. 8731.2).

**Housing loans**

During 1997-98, the value of new housing loan commitments was \$13,262 million, a 17% increase on 1996-97 (table 15.4). Some 86% of the value of all housing loan commitments were made to banks and 2% to permanent building societies. Commitments to other lenders have increased significantly since 1992-93, accounting for nearly 12% of all loans in 1997-98, compared to less than 3% in 1992-93. Of the total loan commitments, 73% were for established dwellings compared to 22% for new dwellings (table 15.5).

**15.4 HOUSING LOAN COMMITMENTS, By Type of Lender**

Year	All banks	Permanent building societies	Other lenders	Total
	\$m	\$m	\$m	\$m
1992-93	7 957	263	244	<b>8 464</b>
1993-94	10 382	488	139	<b>11 009</b>
1994-95	9 127	377	168	<b>9 672</b>
1995-96	9 162	179	811	<b>10 152</b>
1996-97	9 993	214	1 138	<b>11 346</b>
1997-98	11 433	244	1 585	<b>13 262</b>

Source: Unpublished data, Housing Finance for Owner Occupation Survey.

## 15.5 HOUSING LOAN COMMITMENTS, By Purpose

Year	New dwellings(a)		Established dwellings(b)		Alterations and additions	Total
	no.	\$m	no.	\$m		
1992–93	21 958	1 585	82 621	6 608	271	8 464
1993–94	24 574	1 932	105 761	8 437	640	11 009
1994–95	21 484	1 844	81 604	6 959	869	9 672
1995–96	16 848	1 577	89 902	7 829	747	10 152
1996–97	20 849	2 038	92 640	8 615	693	11 346
1997–98	26 898	2 953	92 795	9 638	671	13 262

(a) Includes construction of new dwellings and purchases of newly erected dwellings. (b) Includes purchase of established dwellings and refinancing of existing housing loans.

Source: Unpublished data, Housing Finance for Owner Occupation Survey.

### Non-residential building

Non-residential building (\$2,936.3 million) accounted for 28% of the value of all Victorian construction work done during 1997–98 (table 15.6). The commercial sector accounted for 64% of the total value of non-residential building. The value of commercial building work done was \$1,868.5 million, with other business premises (\$521.1 million) the largest component. The community sector building work done comprised \$1,067.7 million.

In the commercial sector, the value of other business premises building work done increased by 23% from 1996–97 to 1997–98. Hotel and factory building work decreased by 20% and 18% respectively.

In the community sector, the 1997–98 value of building work done for health increased by 42% over the previous year and the value of work done for education increased by 18%. The value of work done for entertainment and recreational purposes decreased 64%.

## 15.6 VALUE OF NON-RESIDENTIAL BUILDING WORK DONE

Type of building	1992–93	1993–94	1994–95	1995–96	1996–97r	1997–98
	\$m	\$m	\$m	\$m	\$m	\$m
<b>Commercial</b>						
Hotels, guest houses, etc.	33.6	38.7	51.8	158.2	249.8	198.8
Shops	207.3	330.7	464.0	487.0	438.1	429.1
Factories	317.3	247.4	245.4	240.4	363.2	297.5
Offices	617.3	335.7	393.1	456.4	470.9	422.0
Other business premises	196.5	198.4	354.9	383.8	423.2	521.1
<b>Total</b>	<b>1 372.0</b>	<b>1 150.9</b>	<b>1 509.2</b>	<b>1 725.8</b>	<b>1 945.2</b>	<b>1 868.5</b>
<b>Community</b>						
Education	192.4	193.4	263.2	341.3	296.6	351.2
Religious	20.3	16.5	16.3	11.2	12.6	19.4
Health	178.1	272.1	209.5	138.2	202.6	288.0
Entertainment & recreation	92.4	157.6	219.7	515.2	570.7	207.5
Miscellaneous	115.4	111.7	104.2	138.2	224.6	201.6
<b>Total</b>	<b>598.6</b>	<b>751.3</b>	<b>812.9</b>	<b>1 144.1</b>	<b>1 307.1</b>	<b>1 067.7</b>
<b>Total</b>	<b>1 970.7</b>	<b>1 902.2</b>	<b>2 322.0</b>	<b>2 870.0</b>	<b>3 252.4</b>	<b>2 936.3</b>

Source: Building Activity, Victoria (Cat. no. 8752.2).

## Definitions

Value of construction work done during the period represents the estimated value of work actually carried out during the period on construction jobs.

Value of buildings approved represents the anticipated completion value at time of permit application, based on estimated market or contract price of building jobs, excluding the value of land and landscaping. Site preparation costs are included.

## References

### Data sources

The Building Approvals Collection is based on building permits issued by local government authorities and licensed private building surveyors; and contracts let by, or day labour work authorised by Commonwealth, State, semi-government, and local government authorities.

The Building Activity Survey involves a sample survey of private sector house construction activity and a complete enumeration of building jobs, other than private sector house construction.

The Engineering Construction Survey is based on a sample of all construction enterprises operating in Australia, in both private and public sectors.

### ABS sources

*Australian National Accounts, State Accounts* (Cat. no. 5220.0)

*Building Activity, Victoria* (Cat. no. 8752.2)

*Building Approvals, Victoria* (Cat. no. 8731.2)

*Engineering Construction Activity, Australia* (Cat. no. 8762.0)