



HIA Trades Report

TRADE
AVAILABILITY
INDEX

TRADE
AVAILABILITY
BY REGION

TRADE
PRICE INDEX

PRICE
MOVEMENT
IN TRADES

A quarterly update on the change in the price and availability of building trades

September 2020 Quarter

HIA TRADES AVAILABILITY INDEX MOVES INTO SURPLUS

The HIA Trades Report provides a quarterly review of the availability of trades and the demand pressures on those trades. Specifically, the report considers the supply conditions with respect to individual skilled trade categories across Australia and within particular states, as well as the corresponding price changes.

The **HIA Trades Availability Index** recorded a level of +0.12 in the September 2020 quarter, up from -0.07 in the June quarter. All of the capital cities recorded a surplus of skilled trades. This result reflects an easing in the availability of skilled trades although demand and supply are still relatively close to equilibrium.

This indicates that the availability of skilled trades has moved from a slight shortage of skilled trades to a modest oversupply. This is not surprising given the decline in work under construction during the September quarter.

The housing market has been cooling since reaching a peak in 2018 as the pent up demand for housing was met. This was further exacerbated with the credit squeeze, the banking royal commission, falling house prices and uncertainty surrounding housing taxation policy heading in to the 2019 federal election in March. The lower sales in 2019 is a factor influencing the surplus of trades in the September quarter.

On average it takes about three months from signing a contract to build to gaining a building approval and being able to commence construction. Due to this lag between purchasing a home and commencing construction, the majority of the work on the ground due to HomeBuilder will occur in the December 2020 quarter.

It is theoretically possible, for construction to have started in the September quarter for a contract signed after the announcement of HomeBuilder. For this to occur you would need a customer that owned a block of land, had completed soil testing of the block and had chosen to build a project home (fixed floor plan and fittings without any variations) in a jurisdiction that allowed 'deemed to comply' building and in a jurisdiction with private certification and in a council that hadn't had staffing levels and processing times affected by COVID-19 and the application was perfectly presented. This would be the exception.

As a consequence, the abundance of skilled trades in the September quarter also reflects the uncertainty and lack of confidence in the market during the three months to May 2020. As many projects were delayed or cancelled during this period.

Across the country, the availability of trades improved in all areas except for Regional New South Wales and Regional Queensland where it declined and Regional Western Australia where there was no change. While Regional South Australia recorded an improvement in September, there was still a shortage of skilled trades.

Likewise, all trades covered by the index recorded an improvement in availability with the exception of ceramic tiling. Despite the improvement, there is a shortage of bricklaying, ceramic tiling, plastering and roofing trades.

The HIA Trade Price Index fell by 2.5 per cent in the September 2020 quarter but remains 6.6 per cent higher than the September 2019 quarter. The fall in the price of skilled trades is consistent with the increased availability of trades.

The price of trades fell in every jurisdiction except for Regional New South Wales, Brisbane and Regional South Australia. Adelaide recorded the largest quarterly fall in prices with a 5.4 per cent decline.

Electrical, plumbing, roofing and site preparation were the only trades to record an increase in the price index during the September quarter.

Despite bricklaying consistently recording one of the largest shortages out of the 13 trades covered in this report, the price for bricklaying fell by 5.3 per cent in the September 2020 quarter and is 3.2 per cent lower than in the September 2019 quarter.

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