



# HIA Trades Report



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IN TRADES

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

December 2019 Quarter

# DEMAND FOR SKILLED TRADES EXCEEDS SUPPLY

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.

Despite the housing market cooling during 2019, demand for skilled trades workers remains strong, with demand for workers in Sydney, Melbourne and Brisbane exceeding their availability.

The **HIA Trades Availability Index** shows that skilled trades during the December 2019 quarter remained in short supply with an Index level of -0.10. This is a slight improvement on the -0.13 recorded in the September 2019 quarter but indicates a small shortage in skilled labour across the industry.

While, most trades registered an improvement during the December quarter, the availability of bricklayers, carpenters and ceramic tilers all deteriorated further during the quarter to record more substantial shortages.

Looking at the sub-indices tracking trade availability in the capital city markets, all except Adelaide and Perth have a moderate shortage of trades. Sydney went from being in balance to having the largest shortage of all the capital cities with an index reading of -0.21 during the December 2019 quarter. This is consistent with what is happening in the broader housing market, with many indicators reaching a low point during the first half of 2019 and subsequently beginning to pick up during the second half.

The opposite is true for Perth, registering a surplus of 1.16 in the December quarter, the largest since records began in 2003. The Perth housing market has cooled considerably since the end of the mining boom and while there are green shoots starting to indicate that the market is improving, it is yet to flow through to the trade availability index. The index shows that there is an abundance of workers in Perth and regional Western Australia that are readily

available to take on additional work.

Interestingly, in an environment where the availability of trades only recorded a slight shortage and in fact improved slightly, the **HIA Trades Price Index** reported that the price of skilled labour increased by 2.7 per cent in the December quarter. Taking a closer look at the different regions, the picture becomes clearer with Sydney and regional New South Wales – which had more significant shortages of skilled labour – driving the price increases (+2.0 per cent and +9.6 per cent respectively for the quarter).

The price index declined for carpenters, plumbers and electricians, with all other trades seeing upwards pressure on prices.

As the next upcycle in homebuilding commences, more construction work will slowly enter the pipeline, albeit nowhere near the levels seen in the previous cycle. This will see demand for skilled trades increase and put further pressure on the price of skilled labour. There is a risk that existing shortages in areas such as Sydney and regional New South Wales will be exacerbated.

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