



HIA Trades Report



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IN TRADES

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

June 2020 Quarter

SUPPLY AND DEMAND FOR SKILLED TRADES REMAINS CLOSE TO EQUILIBRIUM

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.

Since reaching its peak in 2018, residential building activity has been in decline. Since then the number of dwellings under construction fell from around 230,000 to 188,000. This easing of demand has resulted in the relative supply of skilled trades changing from more substantial shortages to high on balance.

As the homebuilding cycle progresses, dwelling completions will increasingly outnumber new commencements – the number of dwellings under construction will continue to fall and demand for skilled trades will likely ease.

The **HIA Trades Availability Index** recorded a level of -0.07 in the June 2020 quarter, down from +0.03 in the March quarter. This result reflects a slight tightening in the availability of trades although demand and supply are still close to equilibrium.

This is not a material change in the Trades Availability Index and the slight difference most likely reflects the everyday ebbs and flows of conducting business. It is also difficult to determine if the COVID-19 disruptions have had a significant impact on the June quarter 2020 as it affects both the supply and demand of skilled trades.

All trades covered by the Trades Availability Index, except for roofing, became less available during the June quarter. Seven trades now record a shortage which is an increase from four during the March 2020 quarter.

Availability of trades varied across the country with trades becoming more available in Adelaide, Regional Victoria and Regional Queensland. This still left Adelaide and Regional Queensland reporting slight shortages.

Sydney reported no change in the

availability of trades and the index suggests that supply and demand are in balance. Trades in Melbourne also remained relatively close to equilibrium going from an index reading of +0.04 in March to -0.08 in the most recent quarter.

Leading indicators suggest the subdued housing market conditions in Perth since the end of the mining boom were gaining some momentum going into 2020. The Trade Availability Index supports this with availability tightening from a peak surplus reading of 1.16 in 2019 to 0.64 in the June 2020 quarter.

The **HIA Trade Price Index** increased by 4.0 per cent in the June 2020 quarter and 8.9 per cent over the 2019/20 financial year, consistent with a tightening in demand for skilled trades. Price growth over the past year was strongest for site preparation trades and joinery and weakest for bricklaying despite this trade consistently recording the largest shortages out of the 13 trades covered in this report.

Regional areas experienced the strongest annual price growth with the exception of Regional Queensland which had more moderate increase in trade prices of 3.1 per cent over the year. Sydney and Melbourne had the strongest annual price growth of the capital cities with an increase of 5.4 per cent and 5.1 per cent, respectively. Perth and Adelaide were at the other end of the spectrum with prices falling by 0.9 per cent and 9.5 per cent, respectively, over the 12 months.

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