



HIA Trades Report



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IN TRADES

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

March 2020 Quarter

SUPPLY OF SKILLED TRADES EXCEEDS DEMAND FOR FIRST TIME SINCE 2013

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 +0.03 in the March 2020 quarter, reflecting a very marginal surplus of trades. Critical shortages of trades had been recorded when there was a record level of homes under construction back in 2018 but pressure has been gradually easing. The March quarter result marks the first time that the index has registered a surplus in over six years.

All trades covered by the Trades Availability index became more available in the most recent quarter, especially carpentry and ceramic tiling. Only four trades still remain in shortage – bricklaying, ceramic tiling, plastering and roofing – and while they remain in shortage availability has been improving for these trades too.

It is important to note that the easing in demand for trades recorded in the March 2020 quarter was consistent with the recent trend. The introduction of social distancing rules in mid-March did not have an obvious detrimental effect on demand for skilled trades, despite these restrictions weighing heavily on other parts of the economy.

The trade availability indexes for Sydney and Melbourne suggest that supply and demand for trades are at or close to balance. This is consistent with the recent cooling in home building activity alleviating the demand side pressure.

The Brisbane market recorded a slight surplus of trades in the March 2020, although a degree of volatility in the index reading has been observed in recent quarters. This follows a gradual improvement on the significant trade shortages that existed in early 2015, which coincided with the 2015/16 peak in Queensland's home building cycle.

Trades availability in Adelaide has fluctuated around a balanced position for almost a decade, but registered a slight shortage of trades in March 2020.

The index tracking trade availability in Perth suggests trades are still readily available despite tightening in the most recent quarter. Housing market conditions in Western Australia remain subdued which is likely to continue to limit the prospect of recovery for residential building in the state.

It is interesting to note that despite the cooling in demand for trades, the **HIA Trade Prices Index** still increased by 2.8 per cent over the last year and 2.4 per cent in the last quarter. Price growth was especially strong in Adelaide and Perth. In Sydney, Melbourne and Brisbane, prices declined.

Over the last year, the price index increased most strongly for carpentry, joinery, plastering and site preparation trades. Price growth was weaker for landscaping trades while prices for roofing, ceramic tiling and general building trades declined.

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