



HIA Trades Report

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

March 2021 Quarter

SIGNIFICANT SHORTAGE OF SKILLED TRADES DUE TO HOMEBUILDER

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 number of new house commencements surged in the December 2020 quarter to reach the second strongest quarterly result since this dataset began in 1969. This record level of demand for new homes due to HomeBuilder is expected to continue throughout 2021 and has caused a significant shortage of skilled trades in the March 2021 quarter.

The **HIA Trades Availability Index** fell from -0.35 to -0.55 in the March 2021 quarter. The Index records the availability of skilled trades across all states and territories and this result indicates a significant shortage of skilled trades.

While this is the most significant shortage in nearly two decades, the environment in which it is occurring is completely different. In 2004, the last time the trades shortage was this significant, the shortage was due to structural issues which meant there was an insufficient number of people starting and completing apprenticeships.

This time around, the skills shortage is due to cyclical factors. A record year of detached home building will occur in 2021 putting a strain on skilled trades. Based on our forecasts, this pressure will begin to ease at the beginning of next year.

The Index deteriorated across all regions with the exception of Sydney, Regional South Australia and Regional Western Australia. Despite this, all regions measured in the report have a negative index reading, indicating a shortage of skilled trades.

The availability of all trades worsened in the March 2021 quarter. Bricklaying has the most acute shortage with an index reading of -1.13. This is followed by ceramic tiling with a reading of -0.80. At the other end of the

spectrum, electricians have the smallest shortage with a reading of -0.17.

The price of skilled trades increased by 1.6 per cent in the March 2021 quarter, to be 4.8 per cent higher than the same time last year. Site preparation trades experienced the largest quarterly price increase in March, rising by 13.1 per cent compared to the December 2020 quarter (up by 18.7 per cent over the year to March 2021). This has likely been influenced by the (now defunct) HomeBuilder deadline to commence construction.

Roofing saw the second strongest quarterly price increase out of all the trades (+5.3 per cent), to be 11.4 per cent higher than March 2020. This is predominantly due to the storm that hit Queensland at the end of 2020.

Accordingly, prices in Regional Queensland rose by 10.6 per cent in the March 2021 quarter compared to December 2020. This was the largest increase of all the regions, followed by Adelaide with a 9.6 per cent increase.

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