



HIA Trades Report



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

September 2018 Quarter

TRADES AVAILABILITY IMPROVES IN SEPTEMBER QTR

The HIA Trades Report provides a quarterly review of the availability of skilled trades and any demand pressures on trades operating in the residential building industry. 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 for the September quarter of 2018 shows that the availability of trades improved moderately during the quarter, although availability of trades workers remains constrained relative to a year ago.

Of the five capital city markets assessed, Sydney, Melbourne, Brisbane and Adelaide remained in shortage while only Perth showed excess availability. The HIA Trades Availability Index shows the most critical trade shortage was in Sydney, followed by Melbourne, Adelaide and Brisbane. The geographic distribution of trade shortages is generally consistent with the recent performance of each market's residential building market.

Looking to individual trades, 'bricklaying' posted the most severe shortage in the September quarter although availability improved modestly compared with the June quarter. With the index rising back above the -1 level the shortage is now classed as 'moderate' rather than 'substantial'. While availability of bricklaying trade workers improved in the quarter, they have consistently registered as being in shortage for 21 consecutive quarters which indicates that there may be structural shortage of workers in this vocation.

'Ceramic tiling' and 'carpentry' also registered substantial trade shortages in the September quarter. As with 'bricklaying', these two vocations have also registered shortages for prolonged periods.

Only one of the trades, 'electrical', registered a modest trade surplus during the quarter although the index level (0.04) is very close to balance. The index tracking availability for electrical trades has remained close to balance for four years.

The varying degrees of shortage across most trade occupations continues to generate price pressures. In aggregate the HIA Trades Price Index increased by 0.1 per cent in the September quarter and was up by 3.2 per cent over the year.

Over the year to September 2018, the price index for 'ceramic tiling' posted the largest increase with annual growth of 9.3 per cent. The indexes tracking trade prices for 'general building' (+7.0 per cent) occupations, 'site preparation' (+6.0 per cent) and 'carpentry' (+5.5 per cent) also posted strong growth over the year.

At the other end of the spectrum the indexes tracking trade demand for 'landscaping' (-1.2 per cent) and 'other trades' (-1.3 per cent) registered declines over the year.

With the combined demand for workers from non-residential building, engineering construction and residential building sectors in Sydney and Melbourne over recent years, their respective construction workforces have expanded. Much of the demand has been met by an influx of workers from regional areas and interstate. Over the year ahead, residential building activity is forecast to ease back from recent highs and demand for trades is likely to follow suit. Both of these states have burgeoning pipelines of non-residential and engineering construction work in the pipeline which should see aggregate demand for construction labour remain elevated. It will be interesting to see the effect on availability of workers in residential building as this unfolds.

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