



the voice of the industry

20 May 2020

MEDIA RELEASE

Half a Million Jobs at Risk

New forecasts released today say new home building will fall by almost 50 per cent, putting half a million jobs at risk over the next year, said HIA.

“In 2018/19 the industry engaged over 1 million people to commence building almost 200,000 new homes. Next year we expect to start just 112,000 new homes leaving up to 500,000 jobs at risk,” said HIA’s Managing Director, Graham Wolfe.

“The shock to the economy from the halting of overseas migration, the absence of student arrivals and uncertainty over the domestic economy will see the market at a lower point in December 2020, than it was during the 1990’s recession. It will then continue to decline though 2021, even with the return of overseas students and migration.

“This shock will reverberate through the residential building industry, up and down the supply chain. Employment in the sector is not expected to recover within the next two years.

“The loss of the international students and migration creates a temporary imbalance in demand for rental accommodation. The 625,000 overseas students enrolled in Australian education institutions equates to demand for the past two years of apartment construction. It is not clear how many of these left in March or how many will return.

“For the past 20 years Australia’s economic growth has been underscored by stable population growth.

“The nature of this shock requires significant and ongoing support from policymakers in Australia and amongst our trading partners. The risk that insufficient support will produce a decade of deflation, depression and human hardship, is present.

“This means that of all the concerns facing government right now, debt should not be at the top of the list.

“JobKeeper plays a very important role in supporting workers directly impacted by industry shutdowns. The building industry has been fortunate to continue operating.

“Many small builders will not be eligible for the program as the downturn will impact the sector most significantly from September 2020 when the majority of projects under construction are completed.

“Restarting the economy and allowing students to return are also necessary steps to a full recovery.

“Drawing forward housing demand can also play a role in alleviating the emerging shock to new home construction and the wider economy. Traditionally, Australia has done this through empowering consumers to build new homes.

“With the caveat that there is a high degree of uncertainty around the outlook, the disruption to migration and the elevated rate of unemployment will weigh heavily on demand for residential building beyond 2020. In financial year terms, dwelling starts in 2019/20 are now expected to be down by 18.3 per cent compared with 2018/19, and starts are forecast to decline by a further 30.5 per cent in 2020/21.

“If this transpires, the commencement of new homes will have fallen nearly 43 per cent from last year, to next,” concluded Mr Wolfe.

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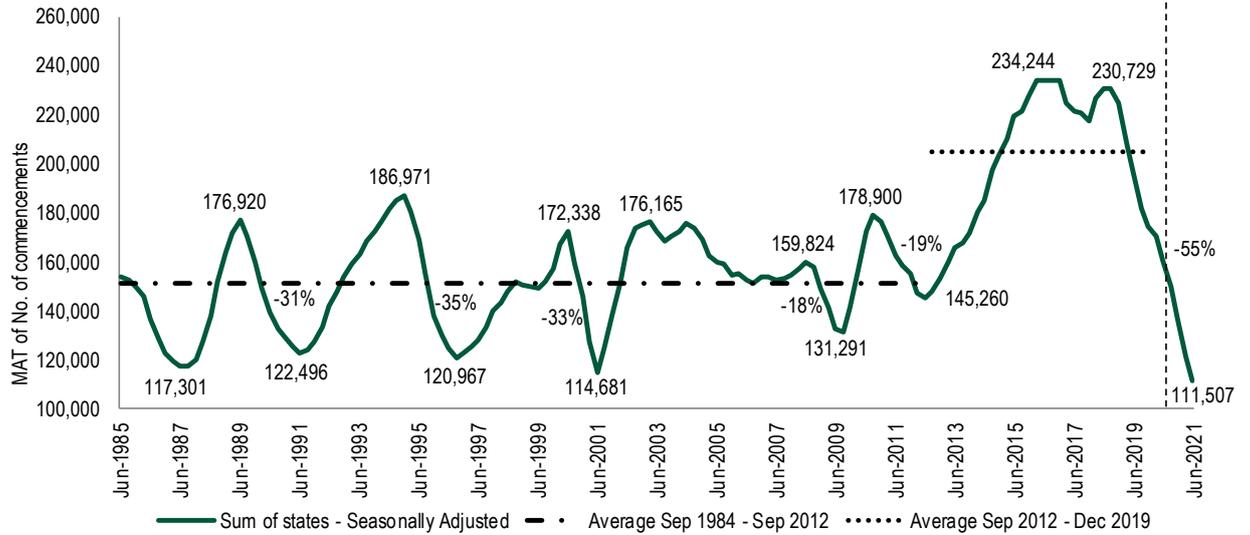




MEDIA RELEASE

Dwelling Commencements / HIA Forecasts - Australia

Source: ABS 8752 Qtr, HIA



HIA's National and State Outlooks are Australia's most comprehensive housing report card, encompassing renovations activity, new home building, policy updates, global and domestic economic analysis, and dedicated state and territory housing databases. For a copy of the publication (media only) please contact k.lewis@hia.com.au