



the voice of the industry

FOR IMMEDIATE RELEASE

20 May 2020

MEDIA RELEASE

Urgent support needed as home building forecast to fall 40 per cent

A collapse in international migration and a spike in unemployment will lead to a 40 per cent fall in WA home building commencements and signals the need to fast-track consideration of consumer incentives to support WA's residential building sector, HIA WA Executive Director Cath Hart said.

The latest update to HIA's Outlook forecast for state-by-state home building starts released today outlines a decrease in WA home building starts by 14 per cent this financial year, before an additional decline of 27 per cent in 2020/21 financial year.

The precipitous decline signalled the need for urgent intervention to support industry to avoid significant repercussions for the broader WA economy, its labour market and options for recovery, Ms Hart said.

"If nothing is urgently done, Western Australia is forecast to have just 9,730 home building commencements in 2020-21, down by nearly 40 per cent from last year, to next," Ms Hart said.

"A downturn in home building of this magnitude would lead to job losses, the exit of businesses from the WA market plus knock-on economic impacts including reduced spending across the economy and lower employment in manufacturing and supply industries.

"While other reforms are important for subsequent phases of recovery, with the long lead times for our projects we need to be careful not to park the ambulance at the bottom of the cliff.

"With a huge rate of WA projects being cancelled or put on hold and just a 13-week pipeline of home building projects from when COVID-19 hit - compared to much longer project queues on the east coast - construction work in WA will start to decline from late June or sooner."

Ms Hart welcomed various medium and long-term initiatives announced to date including support for apprentices, sensible planning reforms, bringing forward a social housing refurbishment program and encouraging FIFO workers to relocate to WA to boost population.

"We also need to now stimulate home building activity in the shorter term to support jobs and businesses in residential building - given the time it will take to rebuild WA's badly damaged home building project pipeline, the Government now needs to fast-track consideration of consumer incentives.

"This downturn is already starting to hit small and medium businesses. We have long lead times between sales and construction so every day that goes by without action compounds our ability to recover.

"Because small builders' cashflow is highly regulated - and pushed to the back end of each project - any stimulus will take several months to translate into construction work after it is announced: this is why we need urgent intervention.

"This downturn will hit WA first and will subsequently be played out across the country, with the new Outlook forecasting new home building to fall nationally by almost 43 per cent, putting at risk half a million jobs."

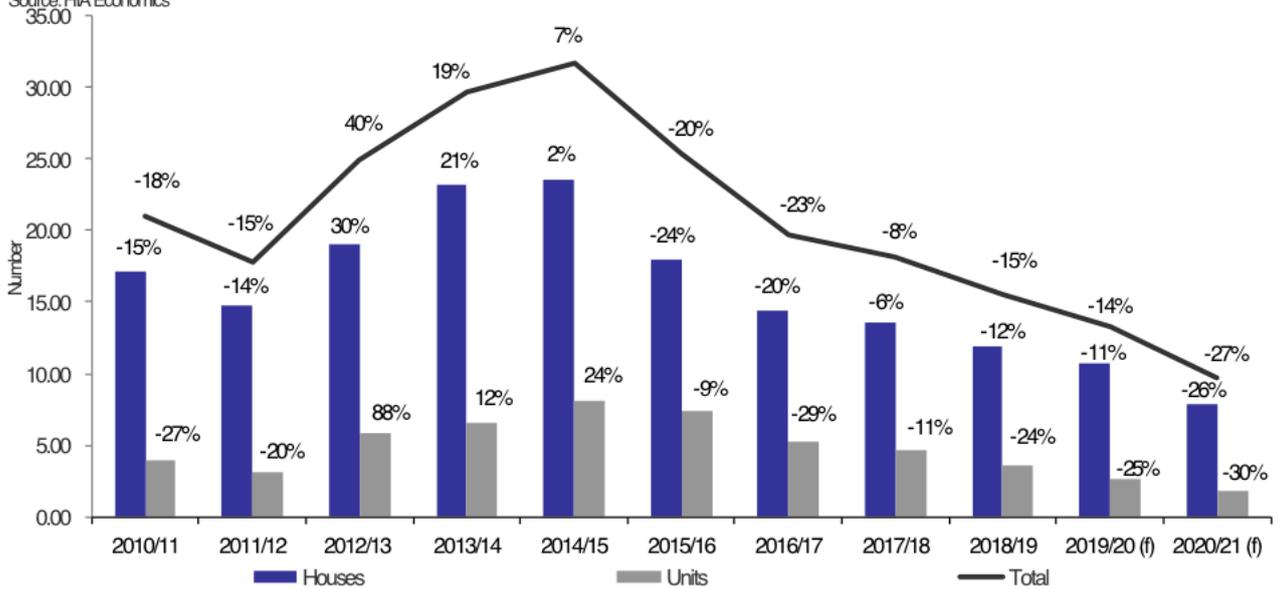


Ms Hart noted the residential construction sector was not eligible for Commonwealth’s JobKeeper scheme, despite display homes, the front-end of its sales pipeline effectively being shutdown for several weeks from March.

For further information please contact:
Cath Hart, HIA WA Executive Director 0409 680 880

New Housing Forecast, by Type, WA Dwelling Starts

Source: HIA Economics



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.