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FOR IMMEDIATE RELEASE

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WA Government's New Housing Industry Forecast Shows Tough Road Ahead

HIA WA Executive Director Cath Hart said the WA Government's downgrade to its 2019-20 forecast for housing starts showed how hard COVID-19 has hit WA's residential building sector.

"Today's downgrade to the Government's forecast for new home building starts in WA highlights the challenge currently facing WA's residential building sector as a result of COVID-19," Ms Hart said.

"While the rest of the economy is preparing to re-open on Monday, we are now seeing the evidence of how badly damaged the home building project pipeline is - this is the lowest number of starts forecast in WA since 1982 - when WA's population was much smaller."

The Housing Industry Forecasting Group (HIFG) announced today it had reduced its forecast for new dwelling commencements in WA for 2019-20 by 19 per cent from 15,500 to 12,500, the lowest ever level, adjusting for population.

"This downturn will hurt businesses and workers in the home building supply chain over at least the next 12 months. Unfortunately, many in our industry are not eligible for the JobKeeper safety net because of the way state governments regulate home building progress payments," Ms Hart said.

"WA had a project pipeline of just 13-weeks when COVID-19 hit in early March so on-site construction activity will start to slow from early July.

"Unlike reopening cafes and restaurants, it will take time to repair the project pipeline given it takes about nine months from a consumers first visit to a display home before they sign a conditional contract.

"Any residential building business operating in WA in February 2020 had already run a marathon over the past five years where operating in the challenging trading conditions meant they were lean, innovative and resilient. They absolutely pass the test of robust, resilient businesses that should be supported to safely emerge from COVID-19."

The HIFG update follows HIA's release this week of its New Home Sales update which showed a 50% contraction in WA's project pipeline.

More than 120,000 West Australians are employed in construction-related jobs and home building activity supports a range of other input industries that manufacture and supply materials and durable goods for new homes.

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