



## A note to clients about building costs and timelines arising from the Middle East conflict

We know that building or renovating a home is one of the biggest decisions you will make, and we appreciate the trust you place in us throughout the process. Recently, you may have heard about rising construction costs or longer build timeframes across Australia. We want to take a moment to explain what's happening, in simple terms, and how it may affect your project.

### What's happening right now?

The residential building industry is once again experiencing global disruption, driven largely by the ongoing conflict in the Middle East. While this is happening far from Australia, it has a direct cost impact on fuel prices, shipping routes and the manufacture and supply of building materials used in homes nationwide. Australia relies heavily on international supply chains for fuel, energy and many construction products. When those global systems are disrupted, it unfortunately flows through to the local building industry.

Builders understand that the pressure being placed on customers to wait longer for work to start or finish, and to manage increasing prices for labour and materials, is not a welcome situation. Getting a home built on time and on budget is a priority for everyone – builders, customers, banks and insurers.

HIA knows that many customers are questioning whether the pressures are real and wondering whether your builder is genuine in the requests they are making of you. The answer is these pressures are very real.

### Why costs are increasing

- Fuel prices have risen sharply, and fuel affects almost every part of construction including transportation, running of machinery and equipment as well as the manufacture of certain products.
- As fuel becomes more expensive, suppliers are passing on those increases through delivery charges and fuel surcharges.
- At the same time, many building materials are becoming more expensive due to higher manufacturing and transport costs.

### Why some materials are taking longer

- Shipping delays and supply shortages are also impacting the industry.
- While builders work hard to plan ahead, there are some delays and shortages which are outside the control of builders, and this may result in delays to your build.

### What this may mean for your build

As you work with your builder to complete your new home or renovation project, HIA recommends that you exercise patience and understanding. This situation is just as frustrating for your builder as it is for you. Regular and open communications between you and your builder during this time will be a key contributor in the completion of your building project.

Your builder may need greater flexibility around pricing and timeframes, and some construction stages may take longer than originally anticipated. Your builder may offer alternative solutions for you to consider, including changes to product selection to manage costs and timeframes.

Please note these challenges are being felt across the entire industry and the broader economy, and they are not the result of individual builders or projects.

**For further information we recommend contacting your local building regulator or consumer protection agency.**