HIA 2026 Small Business Conditions survey

February 2026

Contents

Foreword	3
About the survey	3
Key takeaways	4
Recommendations	5
Survey Results	6
What are the current pressures currently facing your small business?	6
Do you anticipate that your business will make a greater profit in 2025/26 than in the 2024/25 period?	7
Have you considered scaling back or closing your business as a result of red tape and compliances burdens?	8
What impacts has recent changes to the National Construction Code had on your business?	9
What impacts has recent changes to Work Health and Safety laws with respect to silica had on your business?	10
Has your business fully recovered from the impacts of the pandemic?	11
Do you expect that your business will employ more staff in 2025/26 than in the 2024/25 period?	12
Are you currently facing challenges in recruiting or retaining the skilled staff or trades required for your business?	13
Have you had to take on additional staff, or asked existing staff to dedicate additional hours to administrative or regulatory task over the past 12 months?	14
How long do you spend each week complying with red tape or regulatory burdens?	15
How much do you spend on compliance each year?	16
Have you experienced an increase in personal stress as a result of increasing red tape and compliance burden?	17
Would you estimate you will spend more time on compliance than on research and development or improving your business next year?	18
How confident are you that you are aware of all the regulatory requirements applicable to your business and that you comply with them all?	19
How long are you currently taking to obtain planning approvals on average?	20
What government agency or authority places the greatest regulatory burden on your business?	21
Are you using Artificial Intelligence (AI) in your business?	22
Are you utilising Modern Methods of Construction (MMC) in your business, such as offsite construction or prefabrication of buildings or components?	23
Do you want to leave any general comments about your experience as a small business in the residential construction industry?	24

Foreword

Small businesses sit at the core of Australia's home building industry. Together, they construct the majority of new homes, employ a significant share of the workforce, and train many of the apprentices and skilled tradespeople our industry depends on.

The *HIA 2026 Small Business Conditions survey* shows that while small builders remain resilient, they are facing significant challenges heading into 2026.

Demand for new housing is strong, but rising costs, skills shortages, complex regulations, and planning delays are making it increasingly difficult for builders to keep up. Fixing planning systems, cutting red tape, and strengthening training pathways will be essential to supporting small builders and improving housing supply.

Small businesses deliver around two-thirds of the nation's new homes each year. Australia's ability to meet its housing targets relies heavily on their capacity to grow and operate efficiently.

The latest HIA Housing 100 report shows the nation's largest 100 builders delivered 64,407 homes in 2024/25, representing 36% of all dwelling starts. This highlights just how critical small and medium-sized builders are in meeting national housing targets.

The Federal Government has committed to delivering 1.2 million homes over five years to 2029. However, in the first full year — the twelve months to 30 June 2025 — Australia was already sitting around 60,000 homes behind schedule.

Despite strong demand and the industry's potential capacity to build more homes, the survey reveals high levels of concern among small and medium builders across the country. Increasing taxes and regulation, persistent skills shortages, policy uncertainty, and escalating business costs continue to weigh heavily on the sector.

These pressures force builders and tradespeople to spend more time on paperwork and less time on-site — ultimately reducing industry productivity and making housing less affordable and less accessible for Australians.

About the survey

The *HIA 2026 Small Business Conditions survey* was conducted nationally of HIA small business members in November & December 2025. The largest share of respondents, 54% stated that they employed 0-5 employees, followed by 21% with 5-10 employees and 14% stating 10-20 employees. The remaining 11% employed over 20 staff.

Respondents recorded that their primary place of operation was in New South Wales (30%), Victoria (24%), Queensland (14%) Western Australia (13%), South Australia (10%), Tasmania (7%) and ACT (3%).

Key takeaways

1. Business Conditions for 2026

Population growth will continue to fuel strong demand for new housing, but day-to-day operating pressures are weighing heavily on small builders. Labour, insurance, finance, and compliance costs remain elevated. At the same time, planning delays and uncertainty around approvals are disrupting schedules, slowing revenue flow, and increasing holding costs — leaving many builders reluctant to expand.

2. Employment Intentions

Hiring intentions remain cautious. Builders are only bringing on new staff when workloads and project approvals are stable and predictable. Ongoing uncertainty around input costs, workforce availability, and regulatory changes is reinforcing a conservative approach to growth.

3. Skills and Workforce Capacity

Skills shortages continue to be a major constraint. Around two-thirds of builders report difficulties recruiting or retaining skilled workers, particularly experienced tradespeople and site supervisors. While apprenticeships remain essential to building future capacity, rising costs and increased supervision requirements are limiting the ability of many businesses to take on new apprentices.

4. Regulation, Planning, and Productivity

Complex regulatory requirements and slow planning approvals are undermining industry productivity. Builders are spending more time on paperwork and compliance activities, leaving less time available for on-site work. These inefficiencies add directly to project costs and reduce overall industry output.

5. Impact on Housing Supply

Australia's housing supply challenge is increasingly tied to capacity constraints. High operating costs, workforce shortages, and productivity losses mean fewer homes are being completed. Without reforms that increase certainty, streamline approvals, and support efficient project delivery, national housing targets will be difficult to achieve.

6. Outlook for 2026

Builders remain resilient but cautious. Confidence would strengthen with faster planning decisions, reduced administrative burdens, and better-supported training pathways. With the right policy settings, small builders can expand their workforce, improve productivity, and play a leading role in meeting Australia's housing needs.

The survey shows builders are active but cautious:

73%
do not expect to hire more staff in 2026; only 27% plan to increase employment.

67%
report difficulty finding or keeping skilled workers.

88%
say planning approvals take more than 8 weeks, and 33% report delays over 6 months.

32%
spend more than 10 hours a week dealing with red tape

Recommendations

Based on the information provided by small business members in the survey, existing HIA policy and other industry research, following are recommendations for all tiers of government to action to support the small business viability and housing delivery.

1. Removing red and green tape burden hampering productivity

- Require all government agencies to include a 'small business test' for all newly proposed regulation.
- Require impact assessment processes to apply a small business criterion to ensure right sizing of laws as opposed to current one size fits all approach imposed on business.
- Streamline planning, zoning, and permit approvals to reduce downtime and paperwork.
- Move the National Construction Code (NCC) to a five-year amendment cycle for stability and greater certainty in decision making for builders, designers and clients.
- Fund free entry-level access to Australian Standards for builders and tradies to reduce business operation costs.

2. Boost small business workforce

- Double the current $5,000 Priority Hiring Incentive for small business employers to take on apprentices.
- Make a long-term commitment to support greater apprentice retention through the Key Apprenticeship Program (KAP).
- Fund a national pre-apprenticeship program for school leavers to help develop more job ready staff.
- Pilot small business trade-specific visa class to reflect the nature of independent contracting in residential construction.
- Establish skills recognition programs for migrants to improve efficiency and effectiveness of their transition into construction industry careers.

3. Support for small business operations

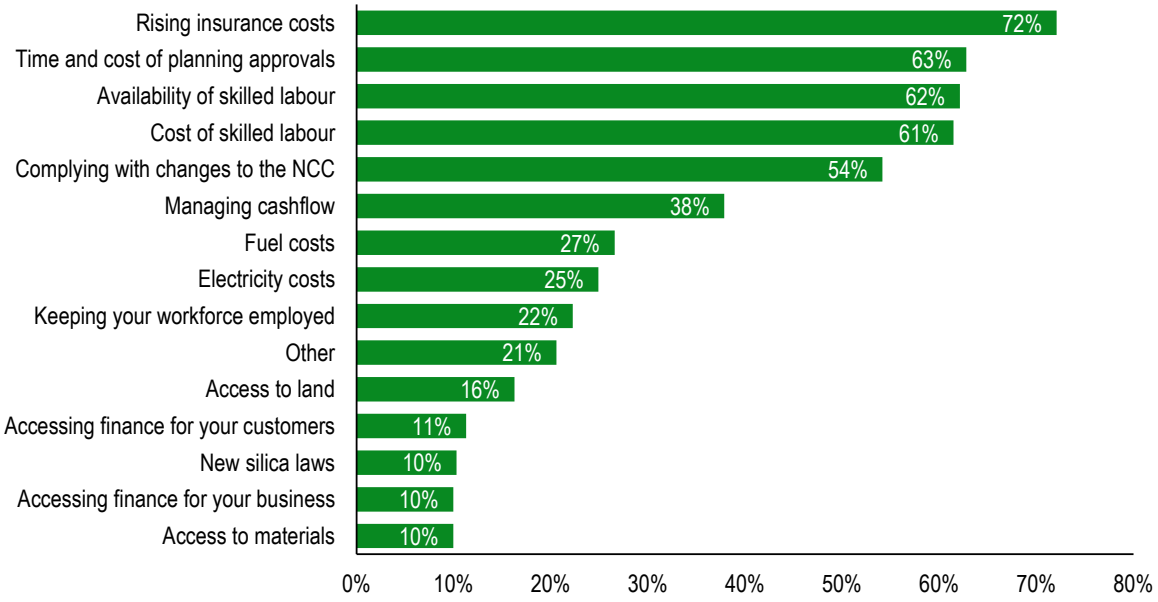
- The 2026-2027 Federal Budget to provide a $1,000 (p.a.) per ABN holder training and upskilling grant to undertake short courses and industry upskilling programs.
- Exclude small business reporting from government imposed green and white tape reporting requirements.
- Simplify and streamline accreditation requirements for builders undertaking Housing Australia Future Fund work.
- Promote investment in new technology through making the instant asset write-off permanent and raise threshold to $50,000.

4. Small business innovation

- Support the adoption of technology and digital tools by smaller firms, which can enhance efficiency and reduce costs.
- Engage Productivity Commission to undertake a national review of insurance cost increases over the past 5 years.
- Reform codes, planning, and finance systems for modern methods of construction (MMC) to give industry clarity, certainty and increase uptake.
- Create a dedicated small building business hub to provide a one stop shop for regulation, innovation and business support.

What are the current pressures currently facing your small business?

Respondents were able to choose from multiple options with the majority stating the rising insurance costs as the current pressure on they are facing within their business. This was followed by time and cost of planning approvals, 63% and availability of skilled labour, 62%.



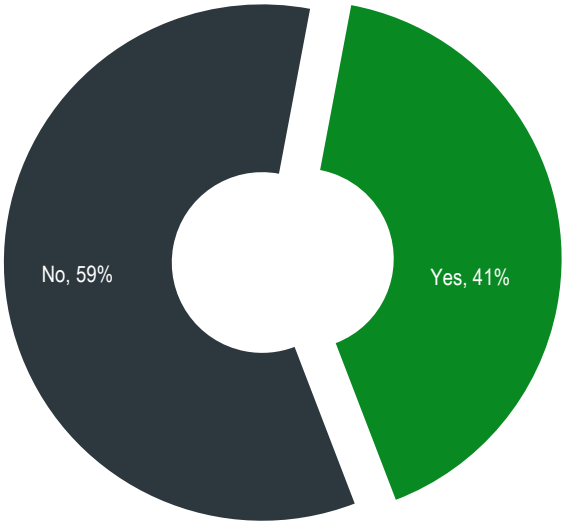
On a state by state basis:

	New South Wales	Victoria	Queensland	South Australia	Western Australia	Tasmania	Australian Capital Territory
Access to land	23%	7%	15%	13%	15%	23%	25%
Access to materials	8%	6%	12%	20%	13%	9%	13%
Accessing finance for your business	18%	11%	0%	7%	5%	5%	13%
Accessing finance for your customers	14%	15%	7%	3%	0%	14%	38%
Availability of skilled labour	64%	48%	78%	77%	67%	55%	25%
Complying with changes to the NCC	54%	41%	59%	53%	64%	64%	75%
Cost of skilled labour	64%	55%	68%	70%	67%	45%	38%
Electricity costs	24%	21%	37%	37%	18%	14%	25%
Fuel costs	32%	27%	24%	37%	21%	9%	13%
Keeping your workforce employed	32%	23%	15%	13%	13%	14%	50%
Managing cashflow	42%	44%	34%	30%	33%	27%	38%
New silica laws	11%	3%	5%	13%	21%	9%	38%
Other	16%	27%	15%	10%	28%	9%	88%
Rising insurance costs	79%	86%	51%	63%	64%	68%	63%
Time and cost of planning approvals	70%	63%	56%	43%	62%	64%	88%

Source: HIA Economics

Do you anticipate that your business will make a greater profit in 2025/26 than in the 2024/25 period?

The majority of respondents, 59% stated they did not anticipate making a greater profit in 2025/26 than they did this financial year.

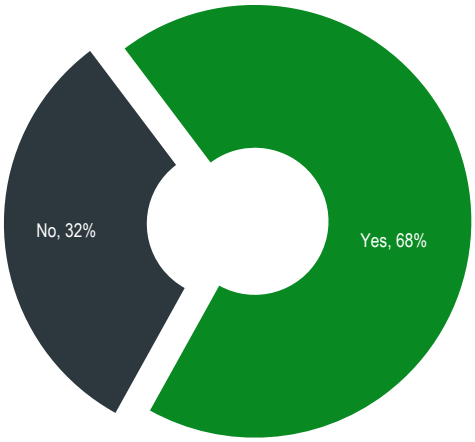


On a state by state basis:

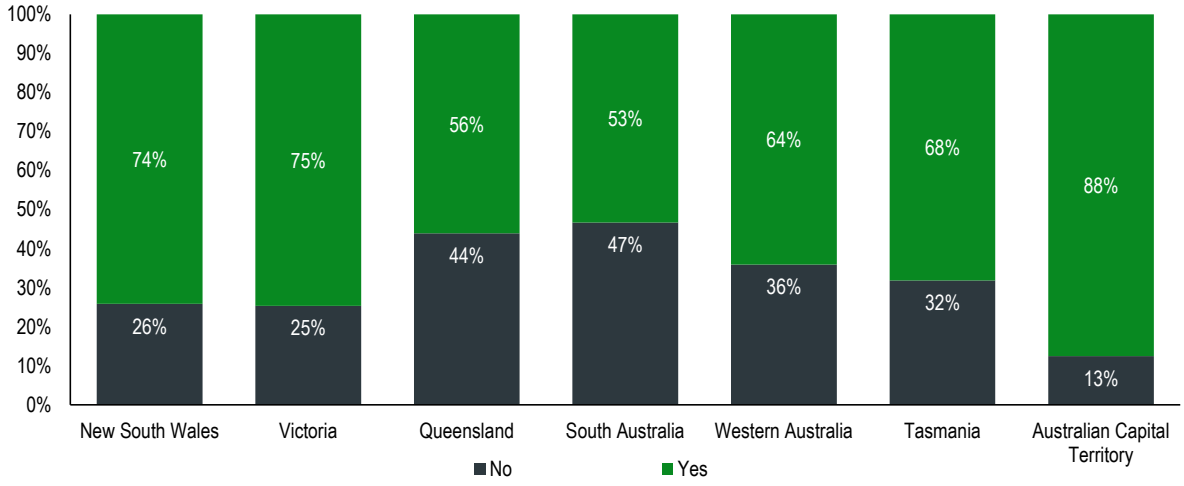
Source: HIA Economics

Have you considered scaling back or closing your business as a result of red tape and compliances burdens?

The majority of respondents stated they have considered scaling back of closing their business as a result of red tape and compliance burdens, 68%.



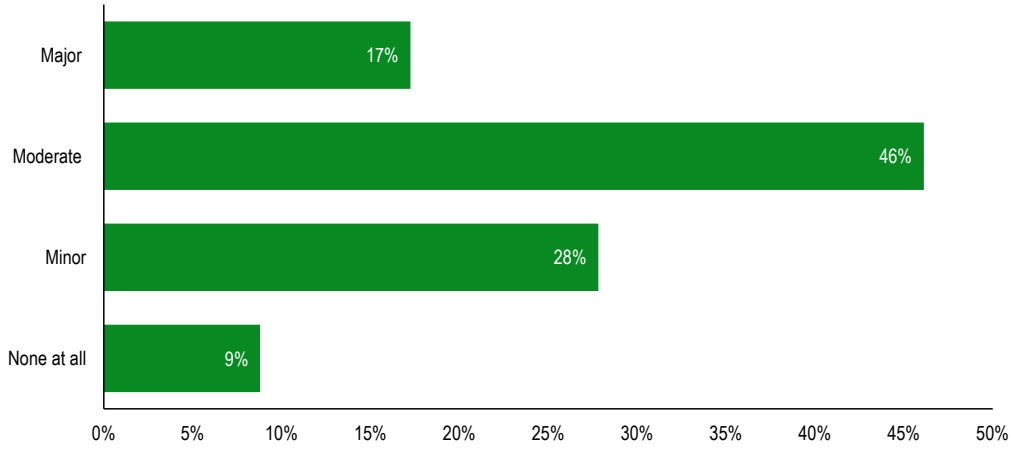
On a state by state basis:



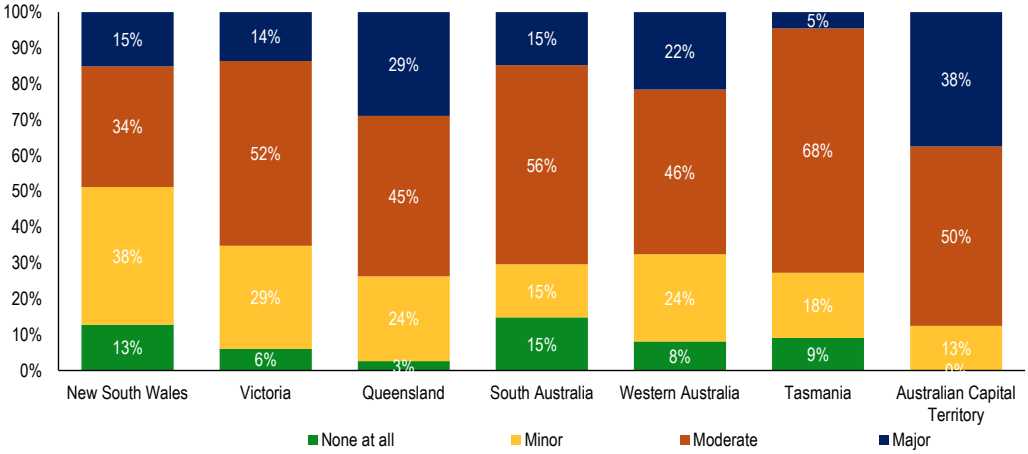
Source: HIA Economics

What impacts has recent changes to the National Construction Code had on your business?

63% of respondents stated the recent changes to NCC has had a moderate to major impact on their business with 28% stating only a minor impact and 9% stating no impact.



On a state by state basis:



Member comments:

"Increase in construction costs by 33%, which has to be passed onto clients. Many clients are not proceeding with the build due to the rising costs and complexity."

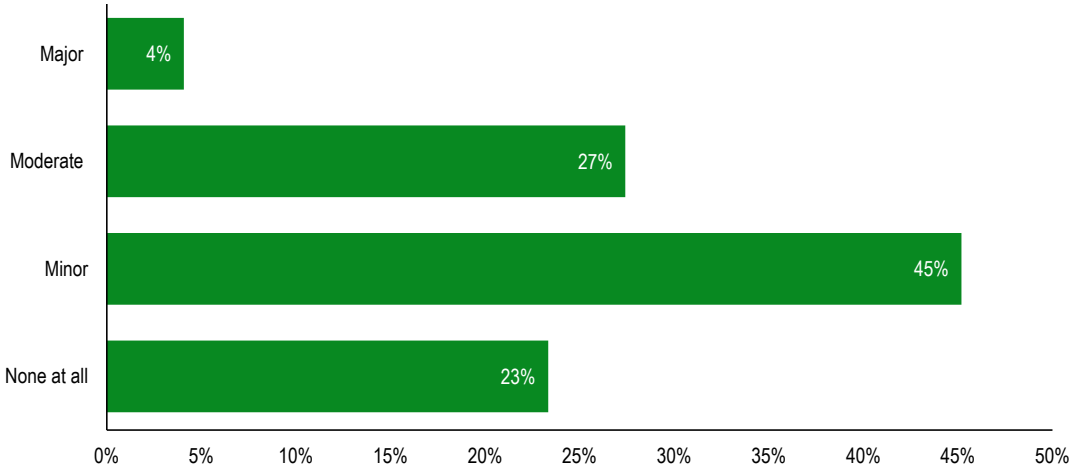
"NCC 2022 has made a couple of potential projects unviable and has in several instances added tens of thousands of additional costs complying with 7 star energy rating. Clients also object to having to comply with disability access when they see absolutely no need for it but still have to pay."

"Just paying staff to get up to date and change all our standard plans and drafting templates and other paperwork. The cost and delay on getting permits in the early stages while it's new to the builder and the surveyor adds up. It hurts cashflow. Also we are the ones that have to educate the client why their house is x amount more expensive."

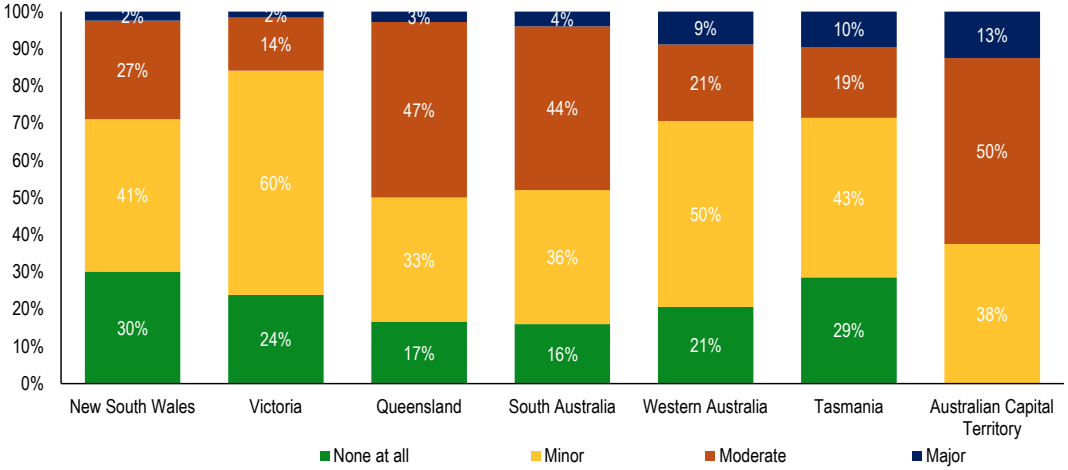
Source: HIA Economics

What impacts has recent changes to Work Health and Safety laws with respect to silica had on your business?

The impact of Work Health and Safety law with respects to silica has had a lower impact on their businesses with 31% stating moderate to major impact, 45% stating minor impact and 23% stating no impact at all on their business.



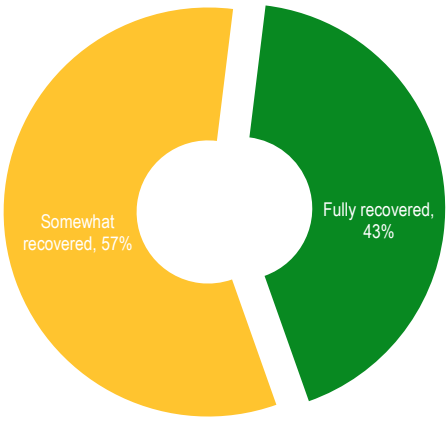
On a state by state basis:



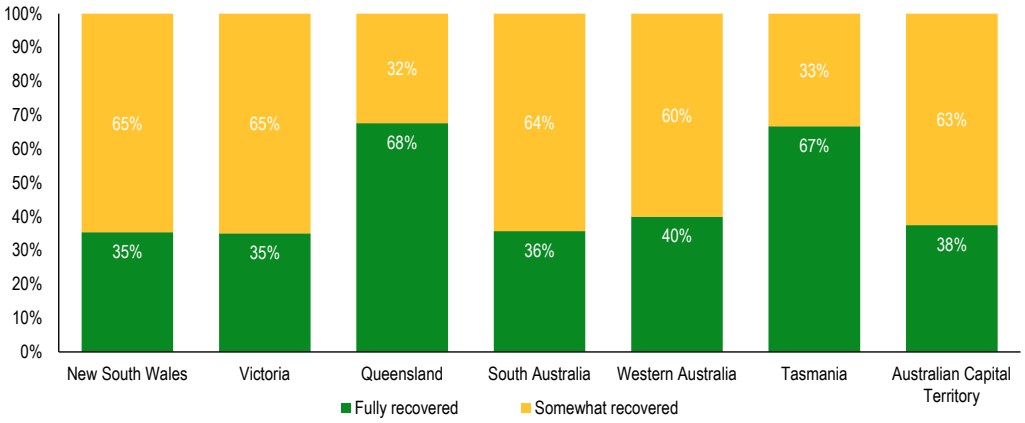
Source: HIA Economics

Has your business fully recovered from the impacts of the pandemic?

The lasting effects of the pandemic still impacts 57% of respondents stating they have somewhat recovered and 43% stating they have fully recovered.



On a state by state basis:



Source: HIA Economics

Member comments:

"Cashflow and financial buffer has been severely eroded by inflationary effects on fixed price contracts from that period which meant significant losses incurred."

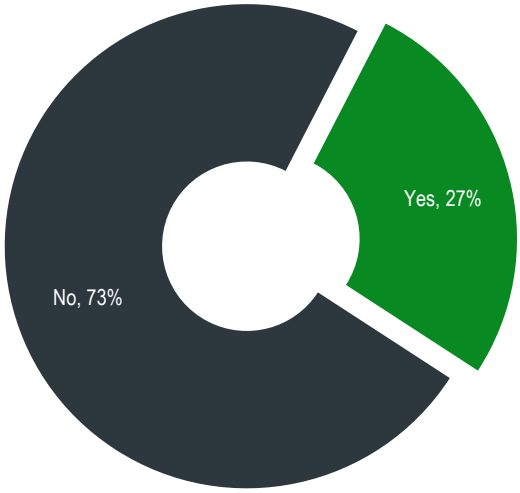
"No business has fully recovered as construction costs increased around 40% and even to today valuation and affordability issues are providing major hurdles in signing up new projects."

"People's attitudes have changed since the pandemic, in particular government departments that allow employees to work from home - everything has got a lot slower."

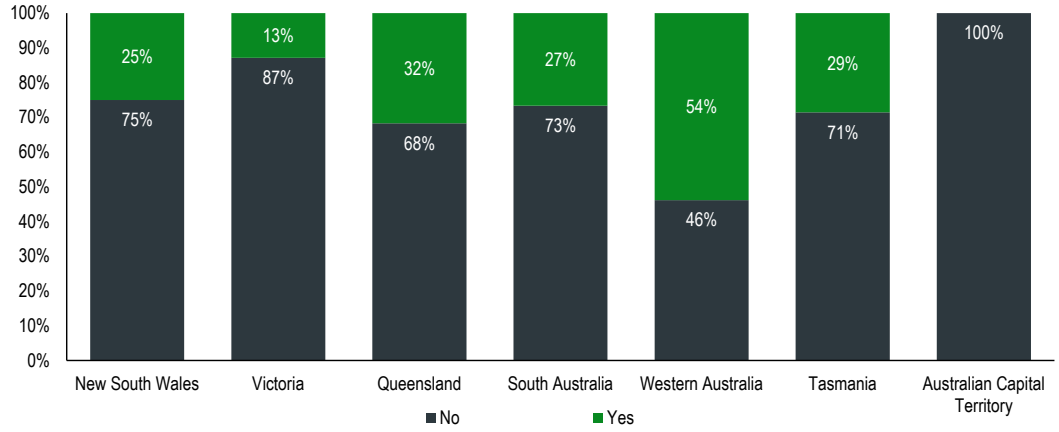
"The stress of the pandemic took its toll on our physical and mental health and the inability to take an extended break due to financial constraints has meant personal recovery has been slow."

Do you expect that your business will employ more staff in 2025/26 than in the 2024/25 period?

The majority of respondents, 73% stated they did not expect to employ more staff in the next financial year than the past, 27% stated they would.



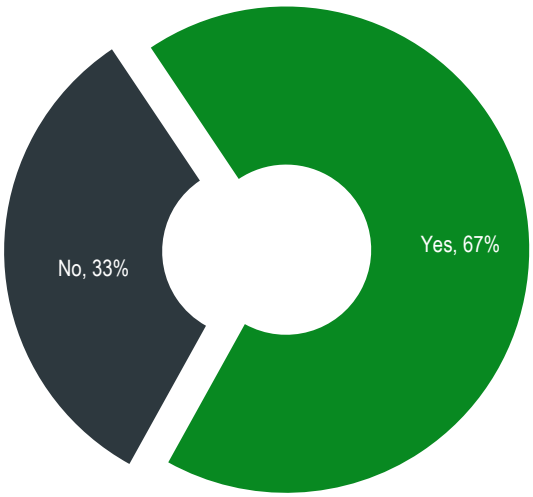
On a state by state basis:



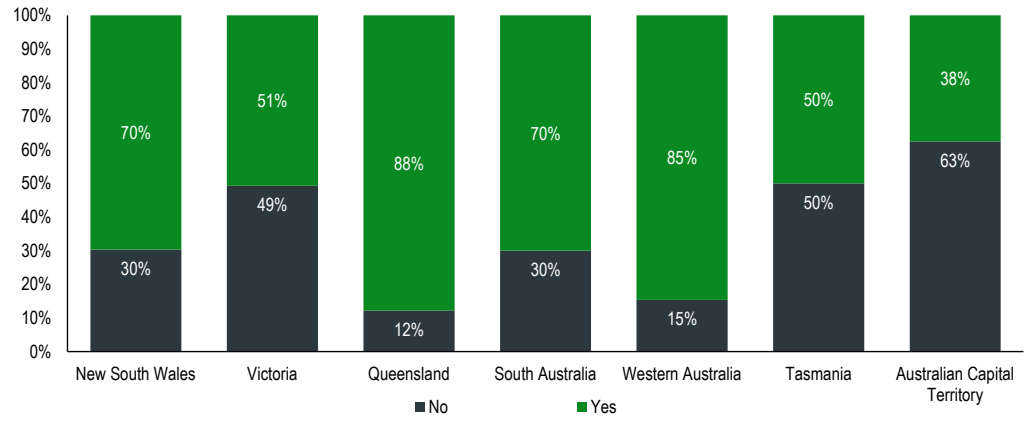
Source: HIA Economics

Are you currently facing challenges in recruiting or retaining the skilled staff or trades required for your business?

The challenges of recruiting or retaining the skilled staff or trades was stated as a problem with 67% of respondents.



On a state by state basis:



Member comments:

"Very hard to find qualified staff and we seem to be competing with the government for these employees with the government entitlements more appealing than the private sector entitlements."

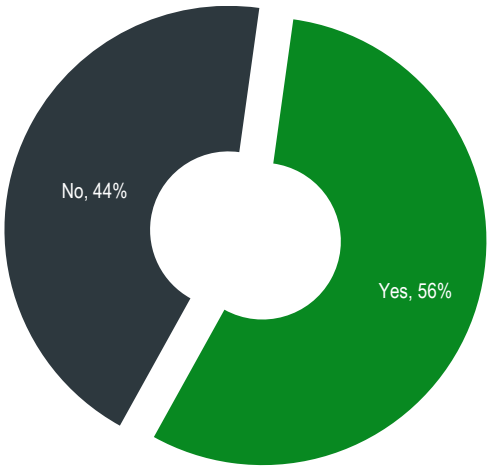
"Trying to get new staff into the industry is a struggle. To get a skilled tradesmen you have to pay over the average wage price for them and it's not viable."

"Government competing for talent. The major infrastructure projects are paying unreasonably high wages for low skilled jobs."

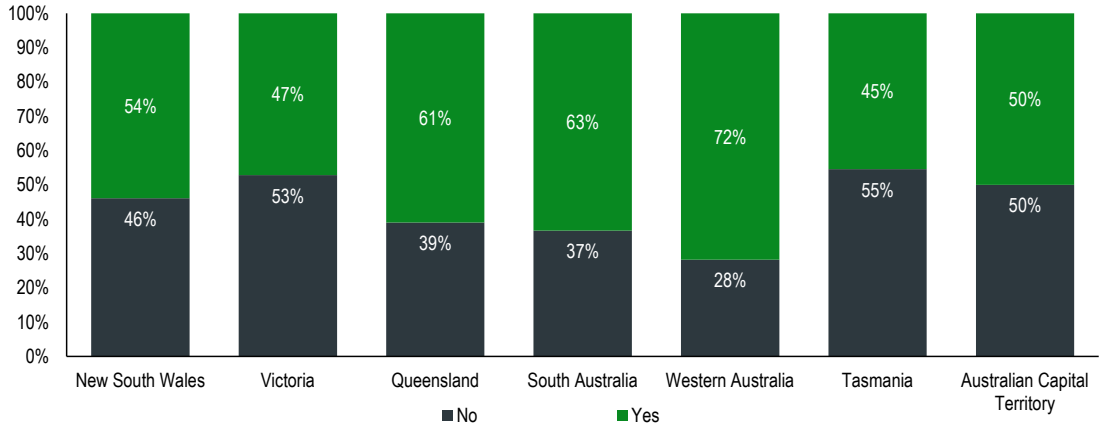
Source: HIA Economics

Have you had to take on additional staff, or asked existing staff to dedicate additional hours to administrative or regulatory task over the past 12 months?

56% of respondents stated they have had to take on additional staff or added to existing staff dedicated hours for administrative/regulatory tasks over the past 12 months.



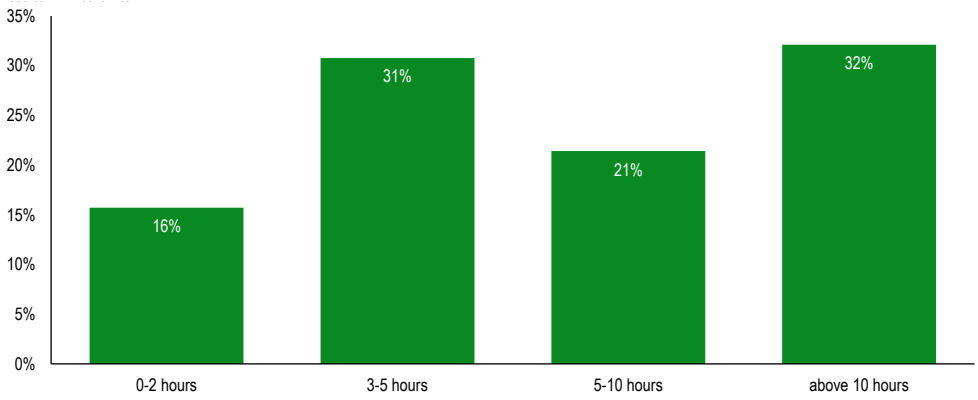
On a state by state basis:



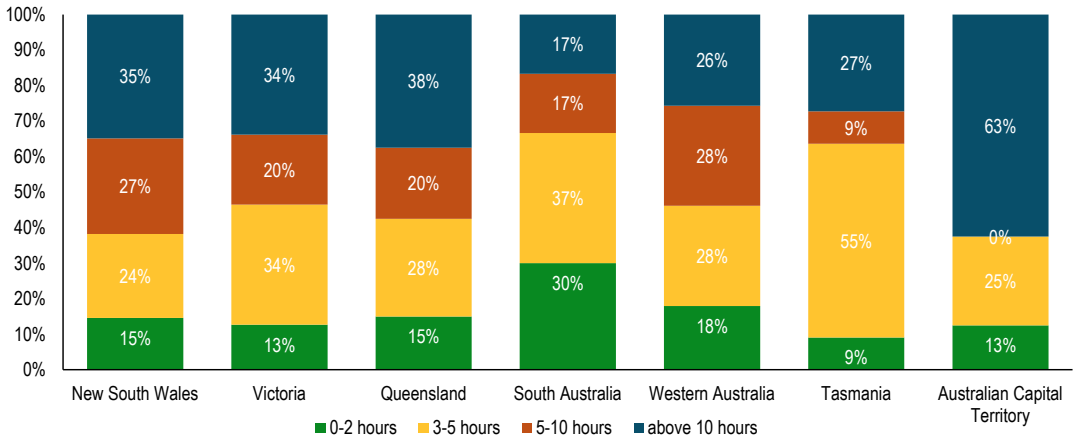
Source: HIA Economics

How long do you spend each week complying with red tape or regulatory burdens?

Just over half of respondents, 53%, stated they spend 5 hours or more on complying with red tape and regulatory burdens, of those 32% stated above 10 hours. 47% less than 5 hours per week.



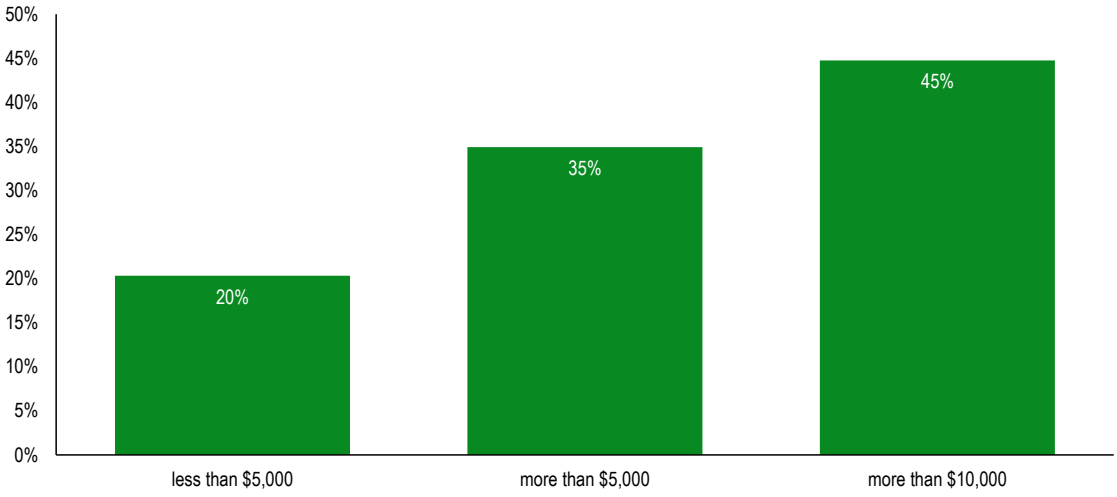
On a state by state basis:



Source: HIA Economics

How much do you spend on compliance each year?

Compliance costs was stated as more than $10,000 a year by 45% of respondents, followed by 35% more than $5,000 a year. 20% of respondents stated less than $5,000 a year.

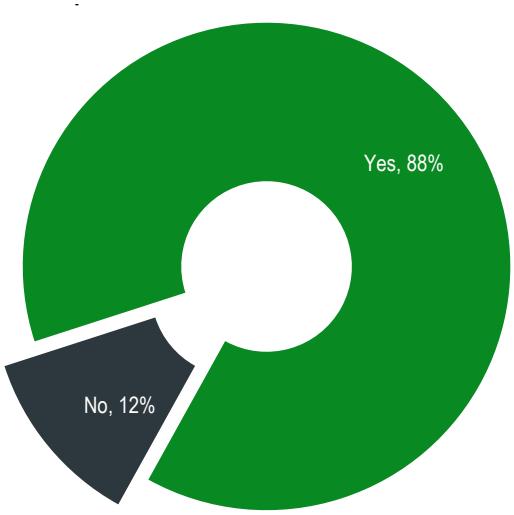


On a state by state basis:

Source: HIA Economics

Have you experienced an increase in personal stress as a result of increasing red tape and compliance burden?

88% of respondents stated they have experienced an increase in personal stress as a result of red tape and compliance.



On a state by state basis:

Source: HIA Economics

Would you estimate you will spend more time on compliance than on research and development or improving your business next year:

Member comments:

"Yes, compliance takes up a significant amount of office time and therefore on top of actually providing goods and services there isn't much time left for R&D."

"Yes, finding time for innovation is hard when keeping up to date with changing regulations, building codes."

"Almost no time is spent on growing or developing the business. I have come close to closing the doors because of red and green tape."

"Yes. Most of my nighttime office work is on red, green and white tape and avoiding fines and penalties. Not much time is dedicated to growing the business."

"Yes, The cost of constantly training and retraining skilled staff and labour about compliance related changes in the industry leaves very little time, or money left to undertake any research and development related activities within our business."

"Needless requests for further information cost our business in time and labour as schedules are pushed back again and again - for information that has already been presented. Town Planners have actually requested information on plans to be removed, then reinstated. Each week we are pushed back from a start date costs our business thousands of dollars and there is no accountability for this on Council's part."

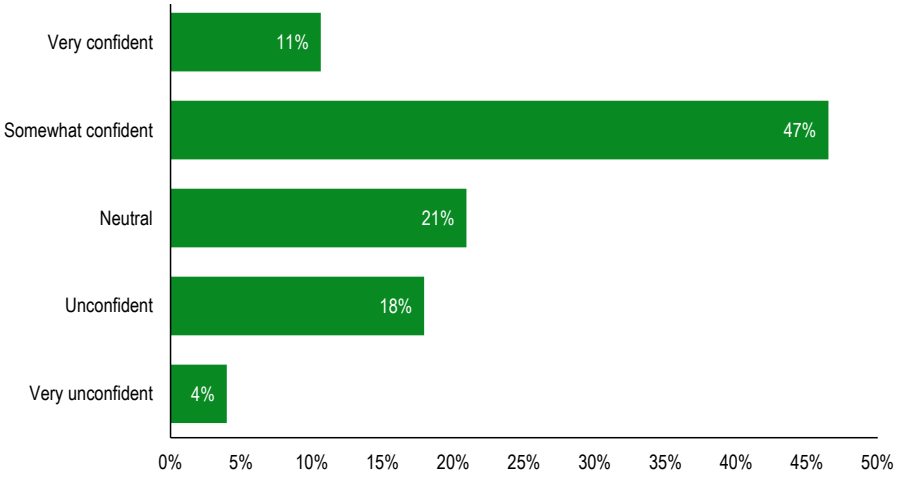
"Absolutely, not having free access to Australian Standards is detrimental to being able to comply to new National Construction Code."

"Sadly we employ the same amount of staff to deal with compliance as we do on site."

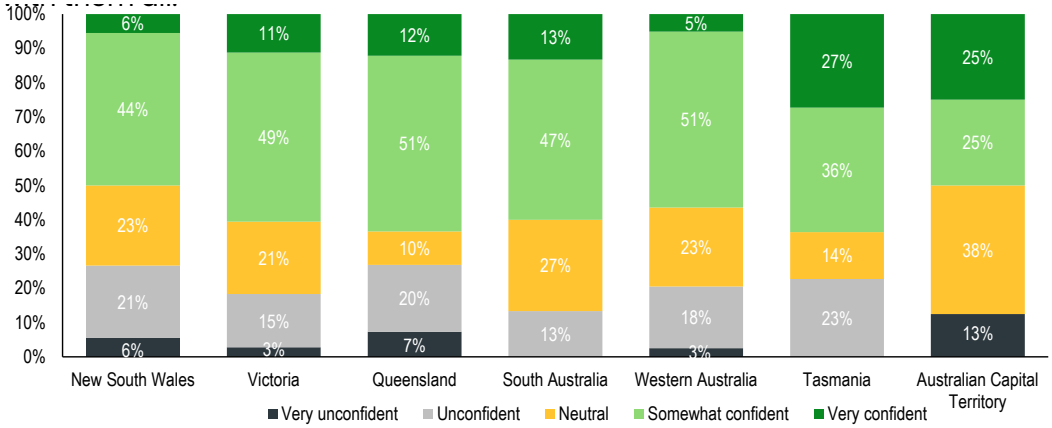
Source: HIA Economics

How confident are you that you are aware of all the regulatory requirements applicable to your business and that you comply with them all:

More than half, 58% of respondents stated they feel confident they are aware of all the regulatory requirements applicable to their business with 22% of respondents stating they are not confident.



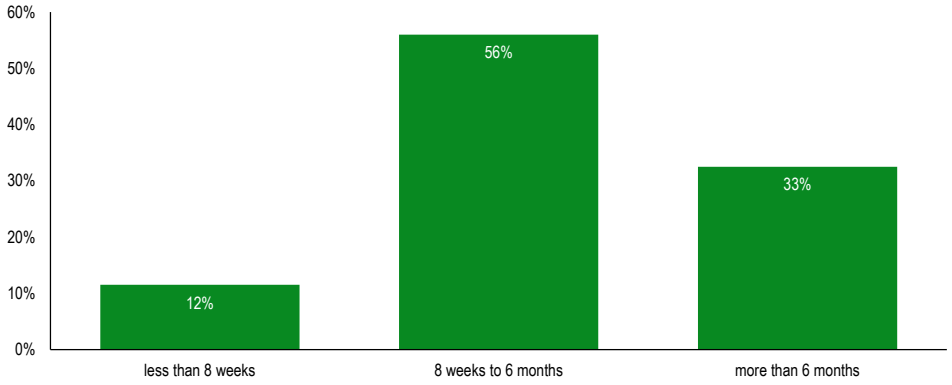
On a state by state basis:



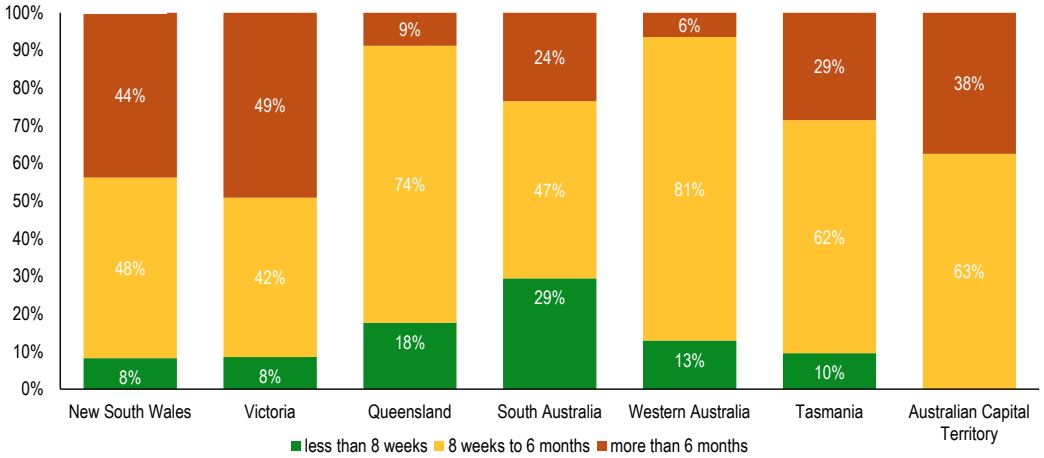
Source: HIA Economics

How long are you currently taking to obtain planning approvals on average?

Majority of respondents, 88% stated it takes longer than 8 weeks to obtain planning approvals on average with 33% of those stating it was more than 6 months. 12% stated it was less than 8 weeks.



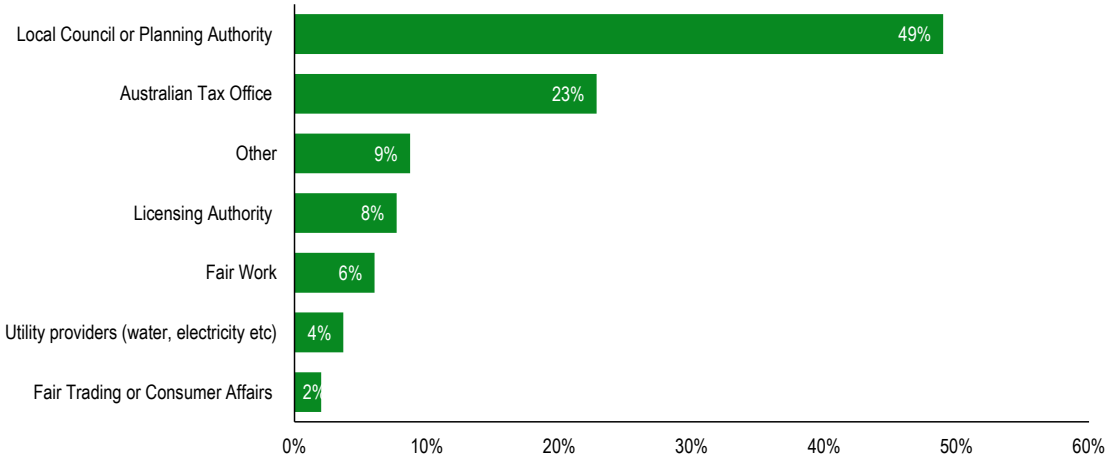
On a state by state basis:



Source: HIA Economics

What government agency or authority places the greatest regulatory burden on your business?

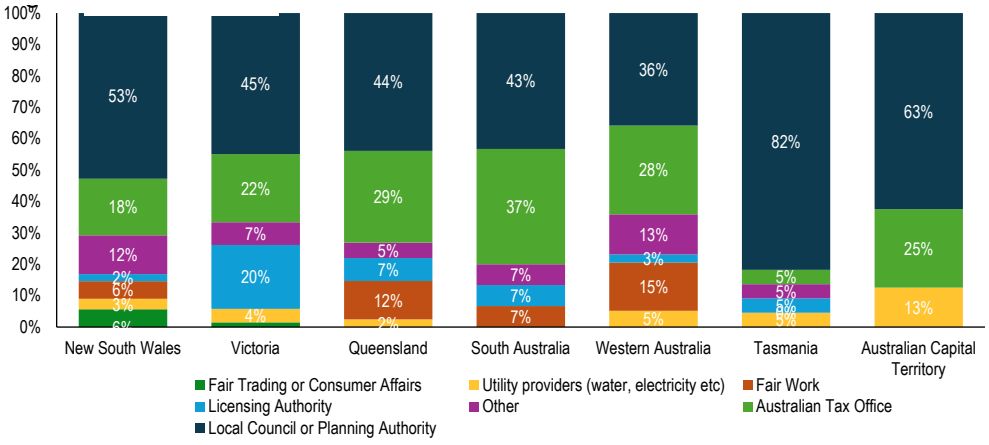
Local Council or Planning Authority placed the greatest regulatory burden on respondents businesses, this was followed by the Australian Tax Office and Other.



'Other' includes:

- Various state and territory home warranty insurance schemes.
- Workplace safety authorities.
- State and territory revenue offices.
- Financial institutions.
- State and territory governments.

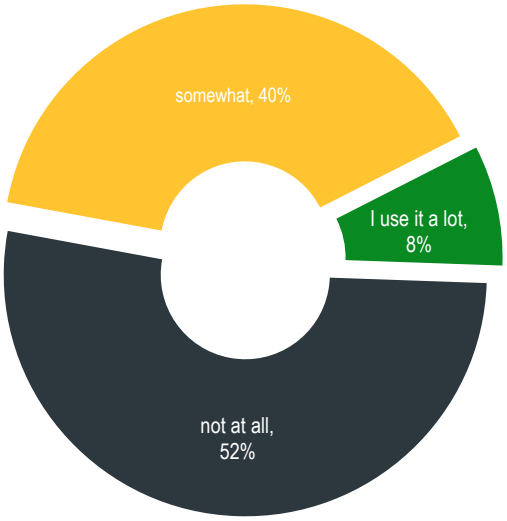
On a state by state basis:



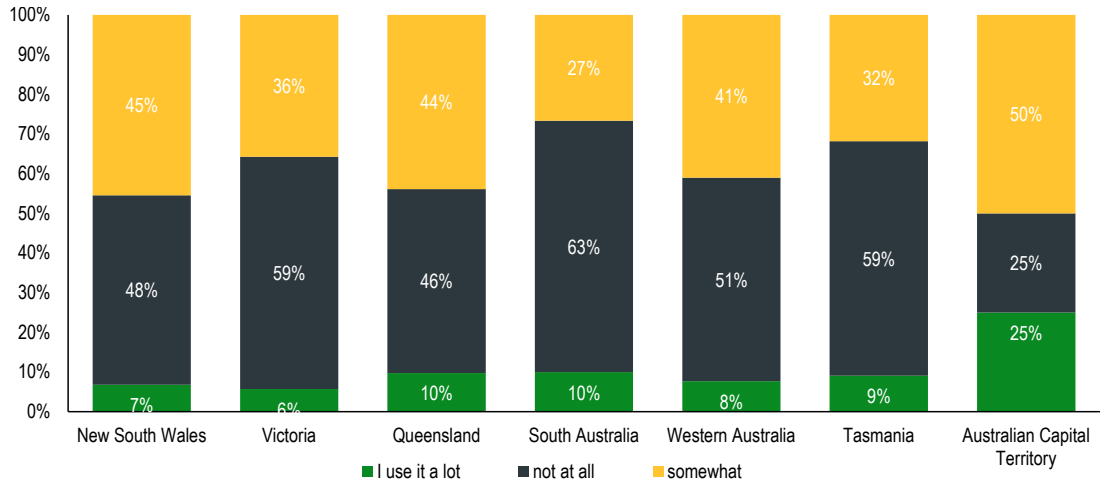
Source: HIA Economics

Are you using Artificial Intelligence (AI) in your business?

52% of respondents stated they currently not using artificial intelligence in their business with 40% stating they were somewhat and 8% stating they is it a lot.



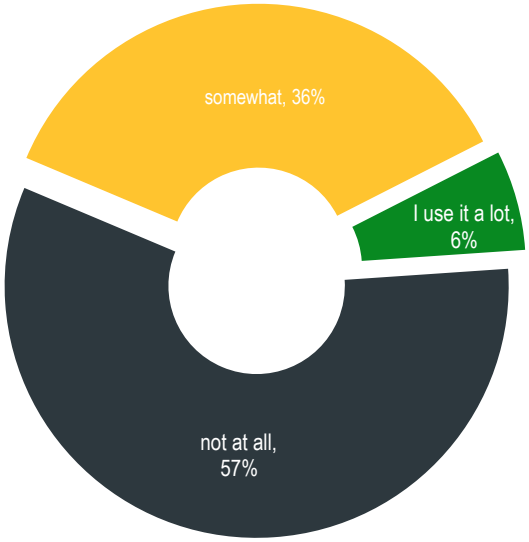
On a state by state basis:



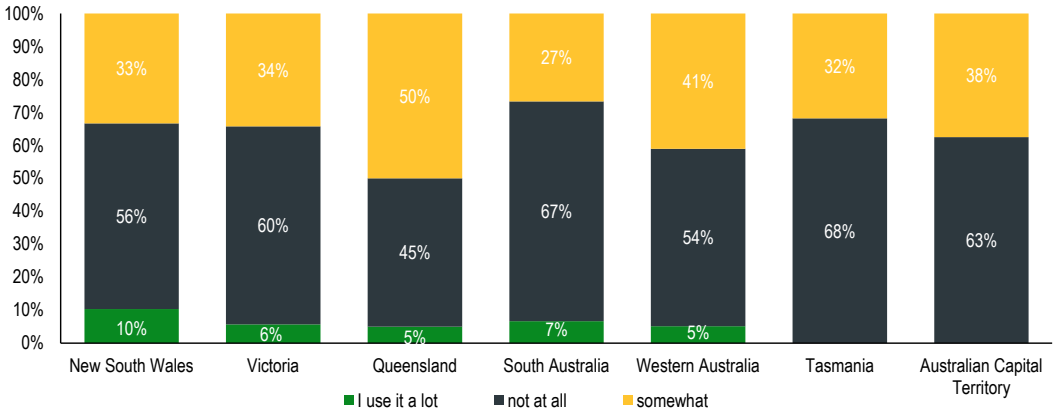
Source: HIA Economics

Are you utilising Modern Methods of Construction (MMC) in your business, such as offsite construction or prefabrication of buildings or components?

57% of respondents stated they were not utilising modern methods of construction (MMC) in the business with 36% stating they were somewhat and 6% stating they were using MMC a lot.



On a state by state basis:



Source: HIA Economics

Do you want to leave any general comments about your experience as a small business in the residential construction industry??

Member comments:

"As a small residential builder I find it extremely hard to keep up to date with all the administrative tasks on top of working 50 hour weeks and trying to be there for my family also. Most of the administrative work is to cover myself for red tape on projects."

"I think most builders have been burnout and are tired of all the red tape and planning. It is much easier to just build the house."

"I enjoy the building side of the business but the compliance and paperwork side of what we do does seem to be getting out of hand at times. My last renovation was $80,000 and 9 months for the client in fees - preliminaries, certifications and paperwork before we could start."

"If the regulations and paperwork are not rolled back, there will be no small builders left. All the builders I know above 55 are retiring, because the bureaucracy is too hard."

"The stress and additional regulation of the industry has taken a lot of the enjoyment of building and just becomes a job."

"As a small builder and property developer, it is currently not feasible to continue operating due to the rising costs of construction, insurance, red tape and land tax."

"We may not build as many homes each year as we are used to but we are busier than ever complying with regulations. It feels as though the government is actively working against the small builder."

"As a small custom building company that has been in the family for 45 plus years, it really is getting harder to stay afloat. The costs of materials, labour, insurances and all of the other operating expenses have increased. Add in the fact our local council have been taking 6 to 12 months for approvals, then throw in a pandemic with the added pressures of not being able to get materials, a change in Government leaders and an economy in recession with high inflation - times are tough!"

"Would like to use prefabricated modules but clients struggle with finance and it is too much of a burden on business to carry the cost prior to onsite installation and ultimately payments."

"Its bloody hard to make a dollar."

Source: HIA Economics

BREMICK
FASTENERS
75mm
WURTH

You're in good hands

If you would like to know more about HIA Economics contact us on 02 6245 1393 or visit hia.com.au/economics