

Media Release



MASTER BUILDERS
A U S T R A L I A

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Confidence Surges With Peak In Residential Construction

The boom in residential building activity is reaching its crescendo with key indicators showing residential builders in the south eastern states enjoying near pre-GFC conditions.

“Master Builders *National Survey of Building and Construction* shows business confidence continued to improve in the June quarter, recording an index score of 60, the most positive result since June 2015 – an index score over 50 is positive, while a score of below 50 is considered a negative result,” Matthew Pollock, National Manager, Economics and Housing said.

“Despite some choppy results in the building activity data in the non-residential sector, the index for future expectations remains positive supported by a healthy pipeline of work,” he said.

“This peak in confidence is a product of a very healthy construction sector, particularly in the south eastern states where a housing boom has produced a record level of new housing construction over the past two years,” Matthew Pollock said.

“But this may turn out to be the peak in confidence as falling building approvals and a moderation in Sydney and Melbourne house prices in recent months suggest we are about to enter a softer period,” he said.

“Current conditions in the residential sector are at a peak. Indeed, financial year 2017 is expected to add a third straight year where new housing commencements surpassed 200,000. As a result the index for residential builder’s current conditions was recorded at 61.8 in the quarter, the best result in over two years,” Matthew Pollock said.

“But the divide between current and future expected activity is growing, with an index of 52.0 recorded for future expectation for activity in the residential sector,” he said.

“The reintroduction of the ABCC has also given commercial builders a new injection of confidence as the watchdog restores balance to building sites across the country,” Matthew Pollock said.

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