

Media Release

The end is in sight for WA building slump

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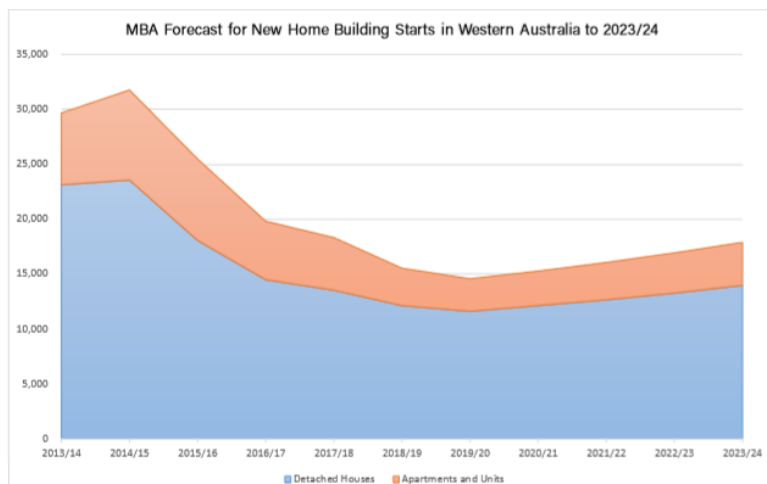
New building industry forecasts released today by Master Builders suggest Western Australia is beginning to recover.

“There are signs the WA economy is slowly coming out of the tough years following the mining slump and moving in the right direction,” said Master Builders Executive Director John Gelavis.

“The state economy has started to generate new jobs again, 20,500 of which were created over the year to June 2019. While the 5.8 per cent unemployment rate is still higher than desirable, there is evidence the resumption of jobs growth is contributing to a sustained reduction in unemployment.

“Population growth, which is a good guide of a state’s economic health, shows WA is improving. The pace of population growth has been slowly gathering momentum since bottoming out in mid-2016 and in 2018 we saw growth of 0.9 per cent, which is equivalent to an additional 23,960 people.”

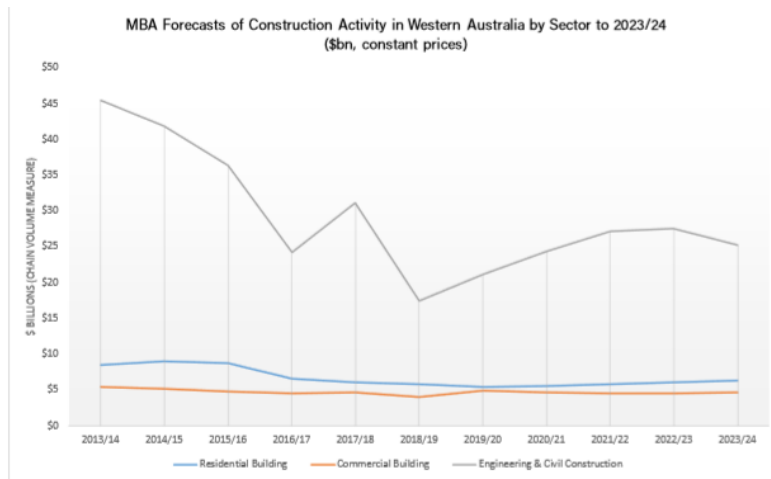
Residential Construction and Renovations



“The depressed levels of new home building activity over recent years mean medium-term demand for housing in WA is not being fully met. As housing supply remains below demand over a prolonged period, house prices and rents will stabilise and bring about growth in building activity. Home building is projected to shrink by a further 6.1 per cent during 2019/20 before a solid and sustained upswing takes hold in 2020/21. By the end of our forecast horizon in 2023/24, the number of new home starts will be 15.4 per cent higher than in 2018/19.

“The WA home renovations market is also set to perform well over the next few years, with activity projected to expand by 9.1 per cent over the years to 2023/24.”

Commercial Construction Activity (Non-residential)



“Like residential, commercial building activity in WA has been in decline for several years but there is light at the end of the tunnel,” Mr Gelavis said.

“Commercial building is expected to bounce back by 22.7 per cent in WA during the 2019/20 financial year and, while activity is anticipated to retreat a little from this high point over future years, the volume of work will still be quite elevated by the standards of recent times. Growth is expected in the important retail, offices and education sectors.”

Engineering Construction Activity

“Engineering construction in WA is a shadow of its former self during the resources boom. The roll out of government infrastructure work means several years of sizeable growth, with a 20.9 per cent increase projected for 2019/20 and a further 15.5 per cent uplift anticipated in 2020/21,” he said.

“While growth is expected to peter out towards the end of the forecast horizon, we expect by 2023/24 the volume of engineering construction in WA will be 44.2 per cent larger than 2018/19.

“Master Builders commends the McGowan Government for its focus on construction work, and urges the State and Federal Governments to work together to fast-track the Perth Cities Deal announced on Friday and further infrastructure projects which will kick-start growth, unlock housing, create jobs and get the economy moving.

“Infrastructure work gives a great bang for its buck. It provides visible, confidence-boosting work, expands capacity and flexibility in the building industry and the money circulates within the WA economy to promote recovery.

“Our industry is one of the largest providers of full-time jobs in the state, employing around 119,000 people. Local businesses such as builders, subbies, suppliers and manufacturers are the lifeblood of the WA economy. They need work and they need it fast.”

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