



MASTER BUILDERS
AUSTRALIA



BUILDING AND CONSTRUCTION INDUSTRY FORECASTS

TAS

NOVEMBER 2021





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OVERVIEW

Tasmania's building industry had already been doing quite well in the latter years of the 2010s decade. Then came the pandemic and conditions soared to a whole new plain. During 2020–21, the number of new detached house starts in Tasmania surged by 43.8 per cent. What's really remarkable is that this was on top of three years of growth during the preceding years. Tasmania's 3,930 detached house starts during 2020–21 was easily higher than in every single year since records began back in 1969.

Perhaps the only cloud to this silver lining is that some of the gain for detached houses was at the expense of medium-high density homebuilding. Medium-high density dwelling starts had risen to an all-time high of 500 during 2017–18. In 2020–21 just 105 new homes were commenced in this part of the market which was the lowest in 20 years. Clearly, the detached house boom has squeezed out other parts of the homebuilding market.

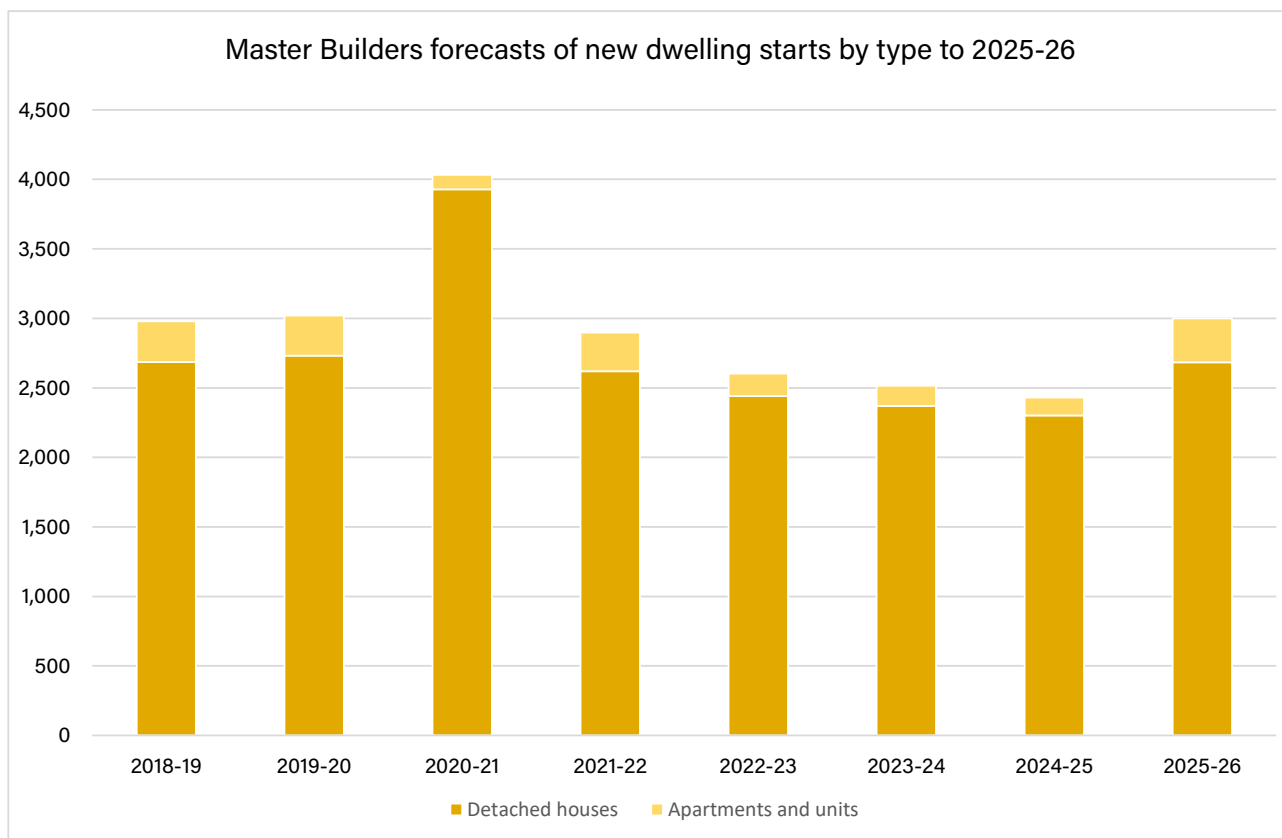
Master Builders forecasts of total construction activity in TAS to 2025–26 (millions of dollars, chain volume measures)

2018–19	2019–20	2020–21	2021–22	2022–23	2023–24	2024–25	2025–26
\$3,247.7	\$3,255.7	\$3,284.2	\$3,505.2	\$3,373.7	\$3,372.0	\$3,383.9	\$3,623.0
	+0.2%	+0.9%	+6.7%	-3.8%	-0.0%	+0.4%	+7.1%

Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)



BIRDHOUSE APARTMENTS, TAS
BY FORM PROJECTS, WINNER OF THE 2020
CBUS NATIONAL MEDIUM DENSITY 2–5 DWELLINGS



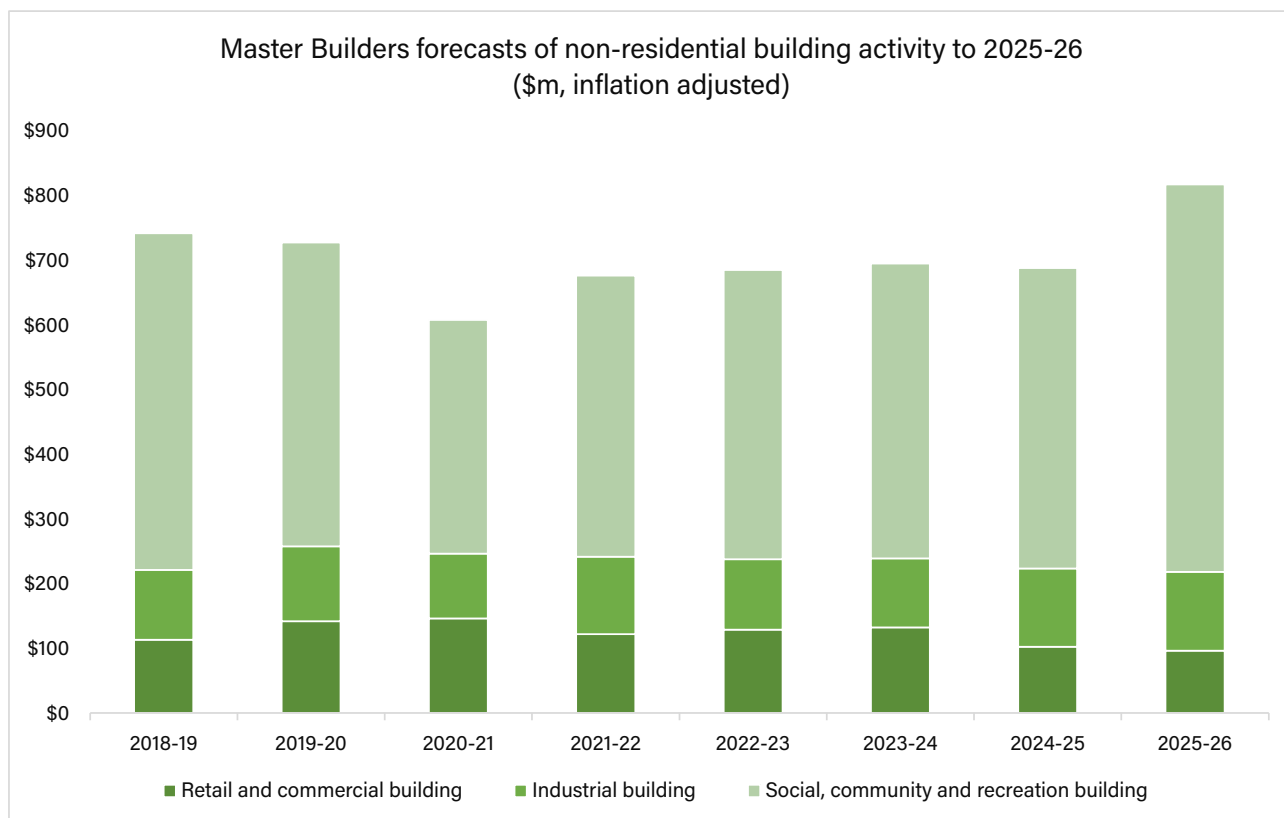
Master Builders forecasts of total new dwelling starts in TAS to 2025-26 (millions of dollars, chain volume measures)

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
2,978	3,021	4,033	2,899	2,603	2,517	2,431	3,000
	+1.4%	+33.5%	-28.1%	-10.2%	-3.3%	-3.4%	+23.4%

Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

Like detached house building, home renovations activity in Tasmania had been doing quite well before the pandemic and HomeBuilder. During 2020-21, there was a 4.5 per cent uplift in home renovations activity in Tasmania. Latest building approvals suggest that activity is accelerating thanks to strong house price growth and we anticipate a further rise of some 14.6 per cent during 2021-22. The age profile of Tasmania's detached house stock offers capacity for further expansions in home renovations work and we project that the size of the market will be 31.3 per cent larger by 2025-26 compared with 2020-21.

One of the problems for Tasmania's detached house building market is that record highs are often followed by a reversion to normality. That is why we expect new detached house starts to drop back to more sustainable levels over the next few years with a trough of 2,300 new starts being reached in 2024-25. Similarly, medium-high density dwelling starts can look forward to a number of fairly flat years before starting to spring back to more elevated levels towards the end of our forecast horizon in 2025-26.



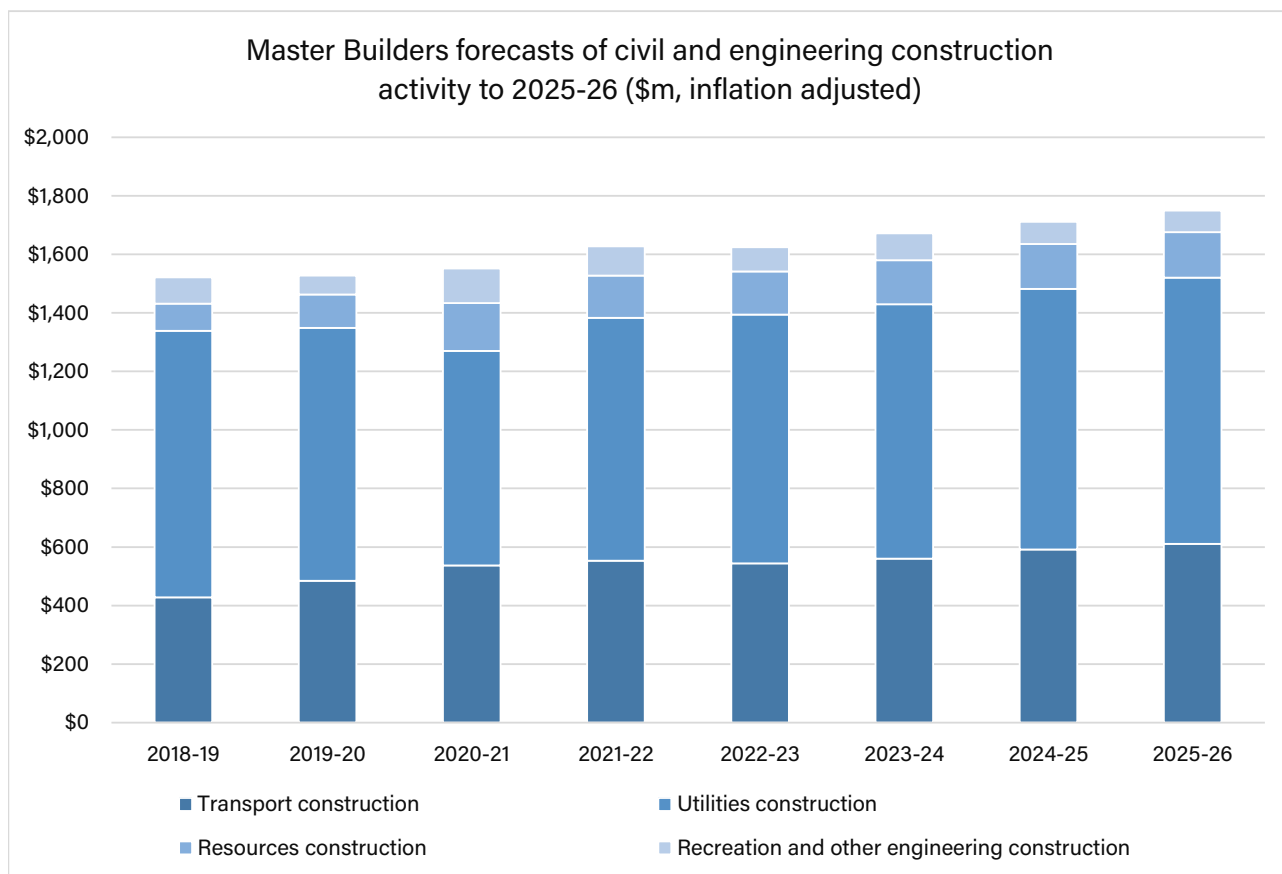
Master Builders forecasts of total non-residential building activity in TAS to 2025-26 (millions of dollars, chain volume measures)

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
\$741.8	\$727.6	\$607.7	\$676.3	\$684.8	\$694.8	\$687.9	\$817.3
	-1.9%	-16.5%	+11.3%	+1.3%	+1.5%	-1.0%	+18.8%

Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

Tasmania's non-residential building market was already on the downside before the pandemic and endured a sharp contraction of 16.5 per cent during 2020-21. This was mostly driven by a 23.1 per cent plunge in social, cultural and recreational building work. This is a part of the market which is particularly sensitive to COVID-related travel restrictions. Fortunately, non-residential building in Tasmania will recovery strongly over the years ahead. The return to a more normal situation around tourism, travel

and migration will support project work in the social, cultural and recreational part of the market and we are anticipating that activity in this space will grow by a total of 65.1 per cent by 2025-26 compared with 2020-21. Industrial building work is also likely to grow healthily over this period (+21.9 per cent). We expect that retail and commercial is the most exposed part of Tasmania's non-residential building market given the changes in spending and working habits brought on by the pandemic.



Master Builders forecasts of total engineering and civil construction in TAS to 2025-26 (millions of dollars, chain volume measures)

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
\$1,521.8	\$1,527.9	\$1,551.5	\$1,627.1	\$1,625.0	\$1,671.9	\$1,711.3	\$1,749.7
	+0.4%	+1.5%	+4.9%	-0.1%	+2.9%	+2.4%	+2.2%

Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

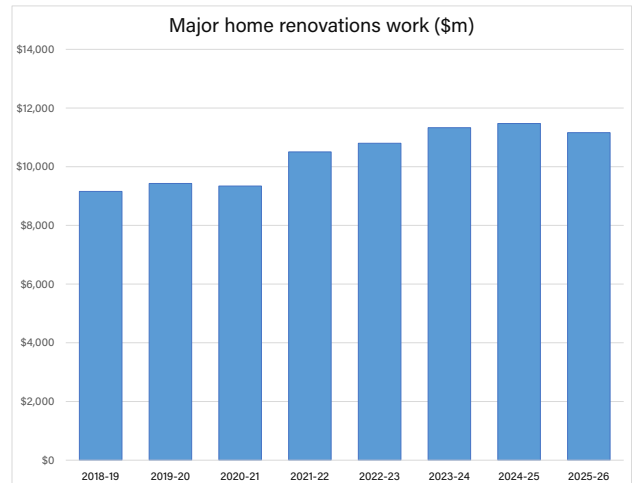
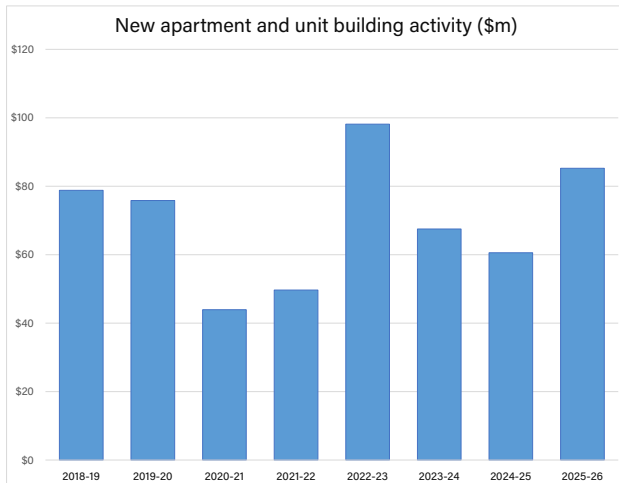
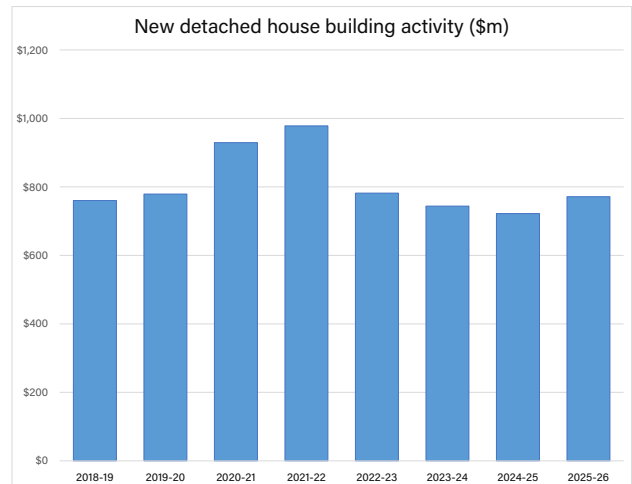
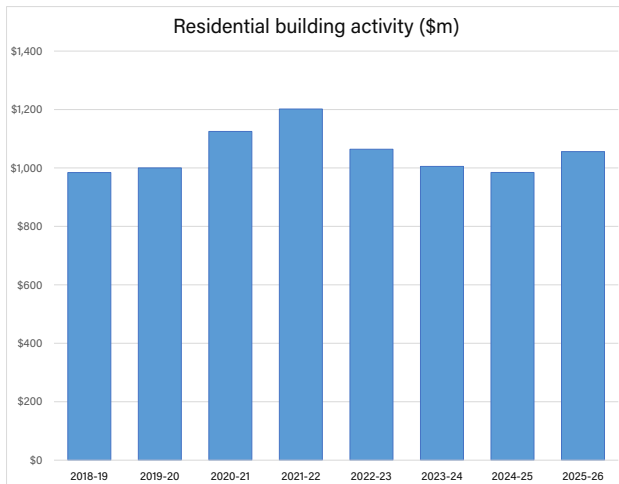
Engineering construction activity reached a new all-time high in Tasmania during 2020-21 having grown by another 1.5 per cent on the previous year. The portfolio of transport-related projects has expanded strongly over the past three years along with work in the resources space. At the same time, utilities construction activity has lost some ground. During 2021-22, we forecast that engineering construction work will rise by another 4.5 per cent in Tasmania before plateauing in 2022-23 and returning consistent rates of growth out to 2025-26.



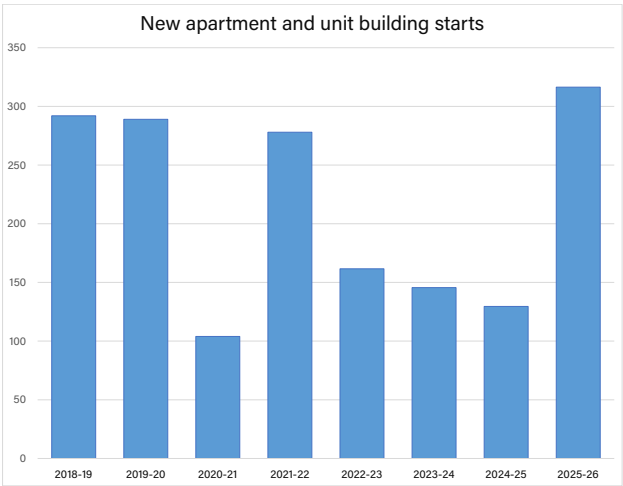
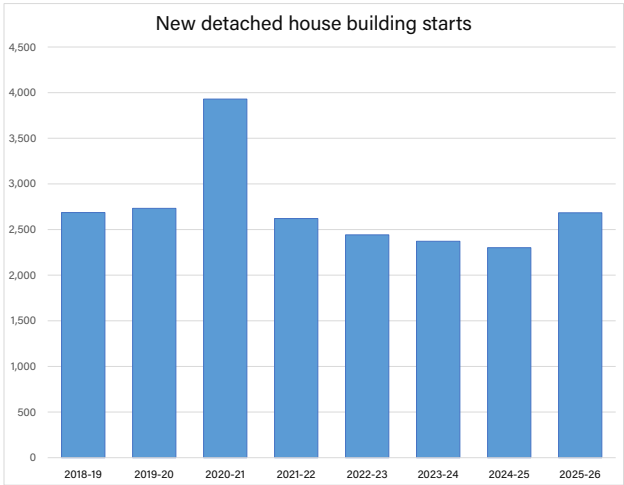
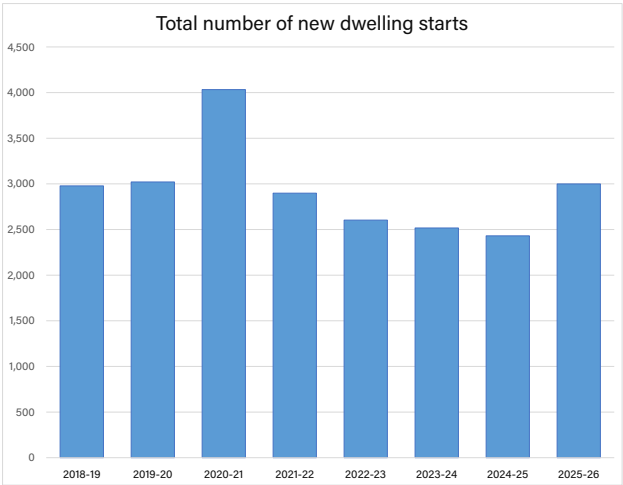
**CRADLE MOUNTAIN GATEWAY, TAS
BY FAIRBROTHER, WINNER OF THE 2020
NATIONAL COMMERCIAL/INDUSTRIAL CONSTRUCTION AWARD - \$10M TO \$20M
AND THE BEST USE OF AUSTRALIAN MADE PRODUCTS - COMMERCIAL**

RESIDENTIAL BUILDING

WORK DONE BY SECTOR



NUMBER OF DWELLING COMMENCEMENTS BY SECTOR



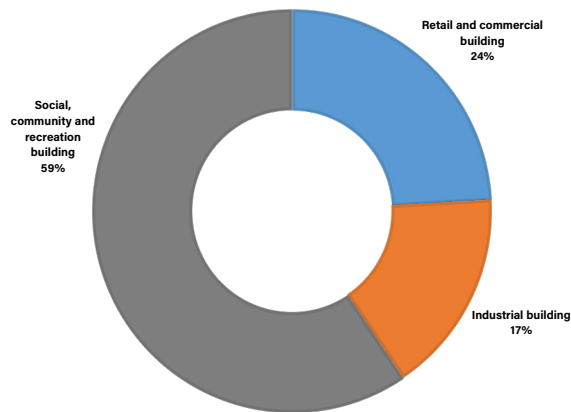
Residential building activity: Master Builders forecasts to 2025-26
Millions of dollars, chain volume measures (2018-19 prices)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total residential building activity	\$984.1	\$1,000.2	\$1,125.0	\$1,201.8	\$1,063.9	\$1,005.3	\$984.7	\$1,056.0
<i>Change on previous year (%)</i>		+1.6%	+12.5%	+6.8%	-11.5%	-5.5%	-2.1%	+7.2%
New detached house building	\$760.2	\$779.1	\$929.4	\$978.2	\$781.9	\$743.9	\$722.2	\$771.5
<i>Change on previous year (%)</i>		+2.5%	+19.3%	+5.3%	-20.1%	-4.9%	-2.9%	+6.8%
New apartment/unit building	\$78.8	\$75.8	\$43.9	\$49.7	\$98.1	\$67.5	\$60.6	\$85.2
<i>Change on previous year (%)</i>		-3.8%	-42.1%	+13.1%	+97.6%	-31.2%	-10.3%	+40.7%
Residential alterations and additions	\$145.1	\$145.2	\$151.7	\$173.9	\$183.9	\$193.9	\$201.9	\$199.3
<i>Change on previous year (%)</i>		+0.1%	+4.5%	+14.6%	+5.8%	+5.4%	+4.1%	-1.3%

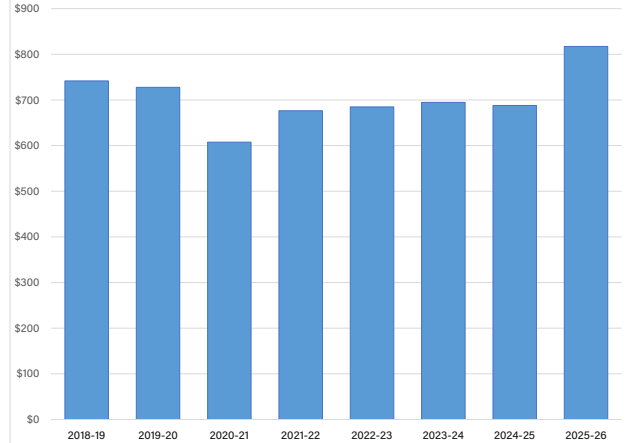
Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

NON-RESIDENTIAL BUILDING

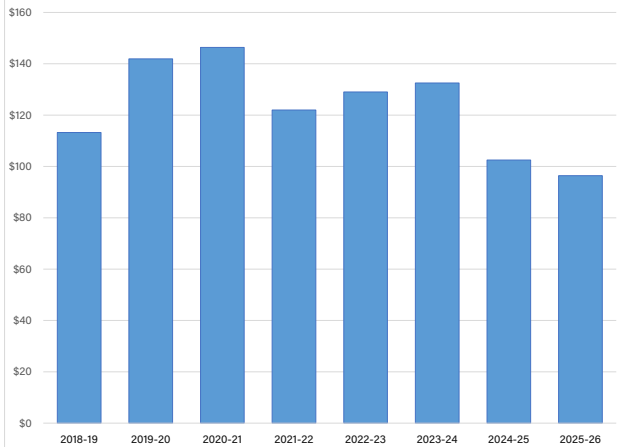
Composition of non-residential building work done in 2020-21



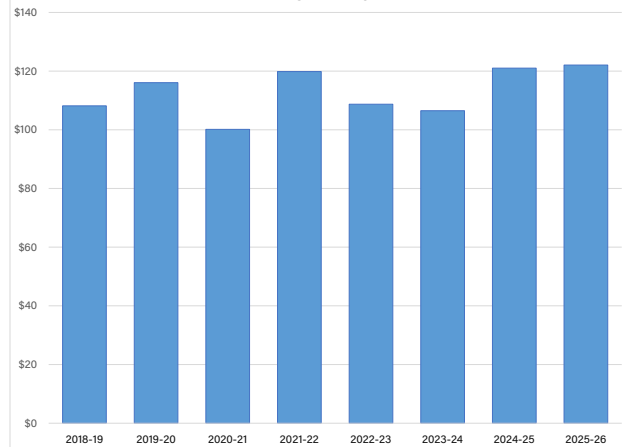
Non-residential building activity (\$m)



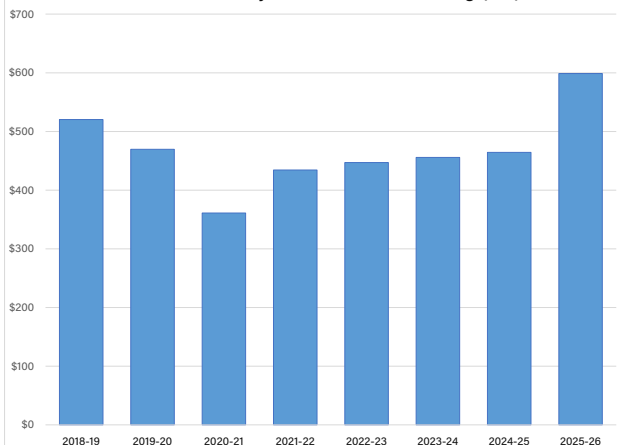
Retail and commercial building activity (\$m)



Industrial building activity (\$m)



Social, community and recreation building (\$m)



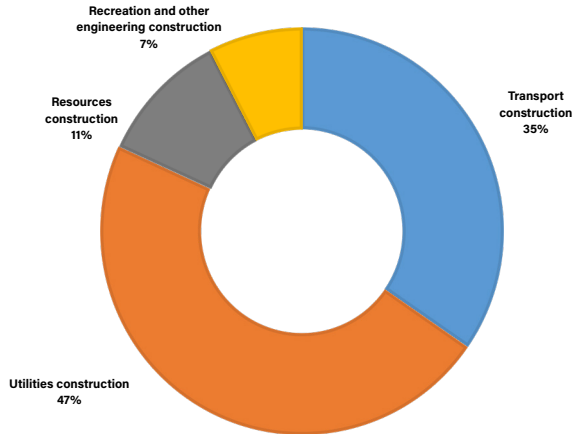
Non-residential building activity: Master Builders forecasts to 2025-26
Millions of dollars, chain volume measures (2018-19 prices)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total non-residential building activity	\$741.8	\$727.6	\$607.7	\$676.3	\$684.8	\$694.8	\$687.9	\$817.3
<i>Change on previous year (%)</i>		-1.9%	-16.5%	+11.3%	+1.3%	+1.5%	-1.0%	+18.8%
Commercial building work	\$113.2	\$141.9	\$146.4	\$122.0	\$129.0	\$132.5	\$102.5	\$96.4
<i>Change on previous year (%)</i>		+25.3%	+3.2%	-16.7%	+5.8%	+2.7%	-22.7%	-5.9%
Industrial building work	\$108.2	\$116.0	\$100.1	\$119.8	\$108.7	\$106.5	\$121.0	\$122.1
<i>Change on previous year (%)</i>		+7.3%	-13.7%	+19.7%	-9.3%	-2.0%	+13.6%	+0.9%
Social, community and recreation building work	\$520.4	\$469.7	\$361.1	\$434.4	\$447.1	\$455.8	\$464.4	\$598.8
<i>Change on previous year (%)</i>		-9.7%	-23.1%	+20.3%	+2.9%	+1.9%	+1.9%	+28.9%

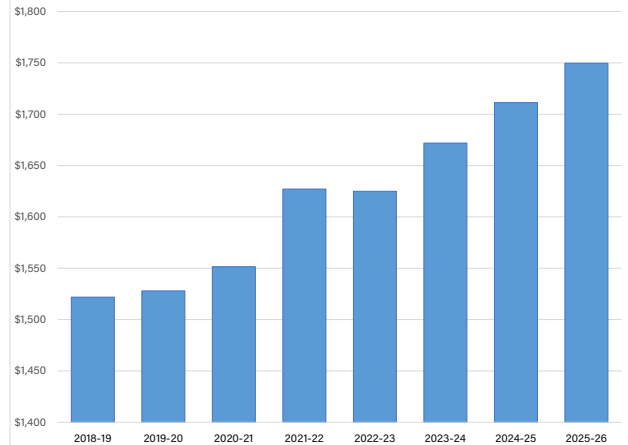
Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

CIVIL AND ENGINEERING CONSTRUCTION

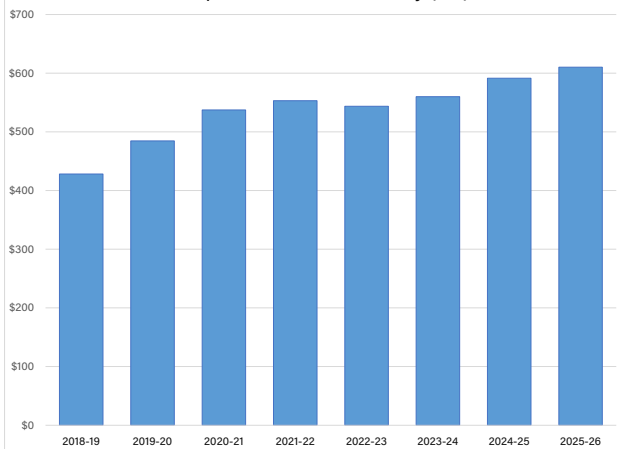
Composition of civil and engineering construction work done in 2020-21



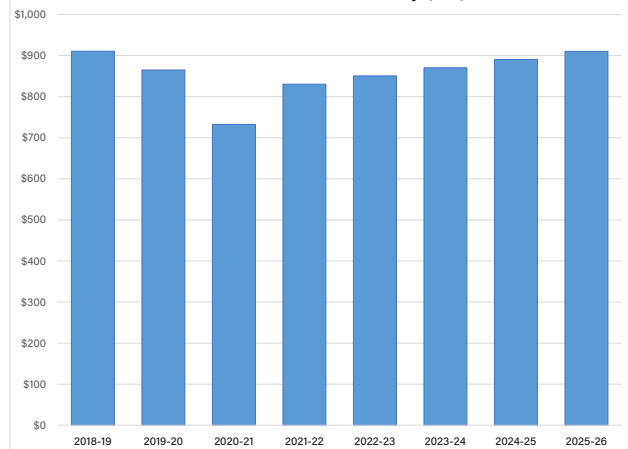
Civil and engineering construction activity (\$m)



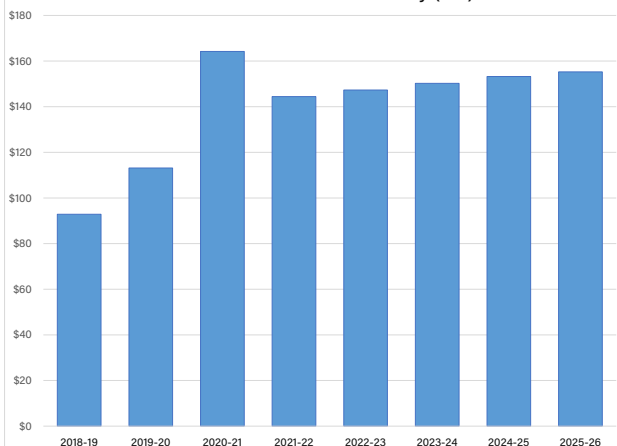
Transport construction activity (\$m)



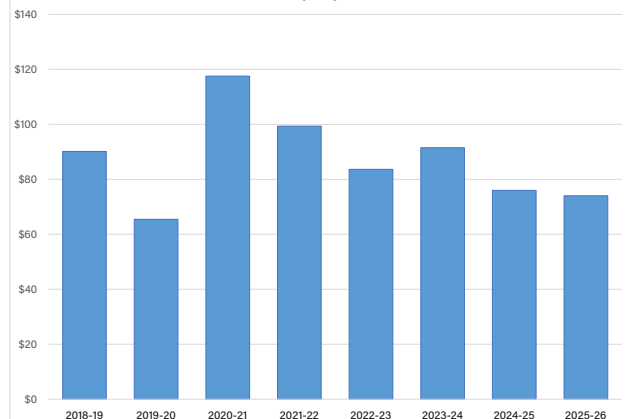
Utilities construction activity (\$m)



Resources construction activity (\$m)



Recreation and other engineering construction activity (\$m)



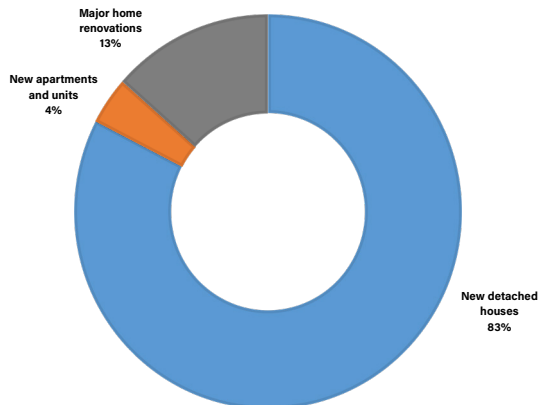
Civil and engineering construction activity: Master Builders forecasts to 2025-26
Millions of dollars, chain volume measures (2018-19 prices)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total civil and engineering construction activity	\$1,521.8	\$1,527.9	\$1,551.5	\$1,627.1	\$1,625.0	\$1,671.9	\$1,711.3	\$1,749.7
<i>Change on previous year (%)</i>		+0.4%	+1.5%	+4.9%	-0.1%	+2.9%	+2.4%	+2.2%
Transport construction work	\$428.1	\$484.5	\$537.2	\$553.0	\$543.6	\$559.8	\$591.4	\$610.2
<i>Change on previous year (%)</i>		+13.2%	+10.9%	+2.9%	-1.7%	+3.0%	+5.6%	+3.2%
Utilities construction work	\$910.7	\$864.8	\$732.5	\$830.4	\$850.5	\$870.3	\$890.7	\$910.2
<i>Change on previous year (%)</i>		-5.0%	-15.3%	+13.4%	+2.4%	+2.3%	+2.3%	+2.2%
Resources construction work	\$92.9	\$113.1	\$164.2	\$144.4	\$147.3	\$150.2	\$153.2	\$155.3
<i>Change on previous year (%)</i>		+21.8%	+45.2%	-12.1%	+2.0%	+2.0%	+2.0%	+1.3%
Other civil and engineering construction work	\$90.1	\$65.5	\$117.6	\$99.4	\$83.6	\$91.5	\$76.0	\$74.0
<i>Change on previous year (%)</i>		-27.4%	+79.6%	-15.5%	-15.8%	+9.4%	-17.0%	-2.6%

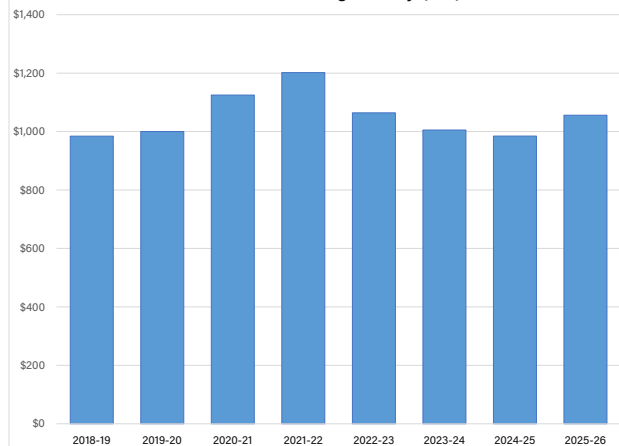
Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

BUILDING AND CONSTRUCTION WORK DONE

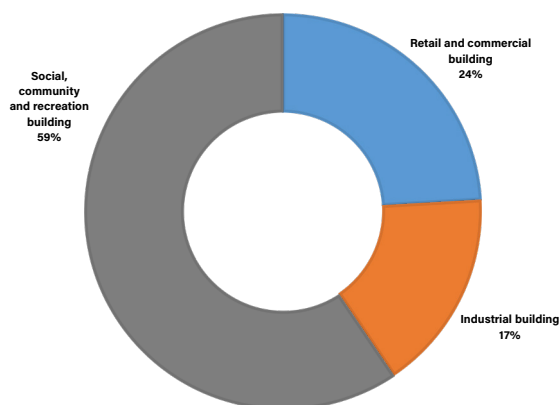
Composition of residential building work done in 2020-21



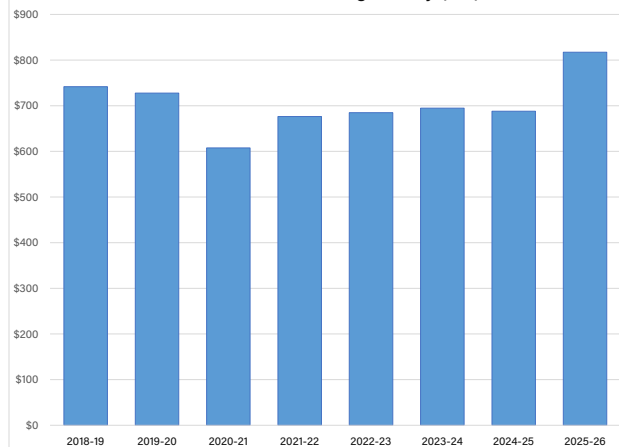
Residential building activity (\$m)



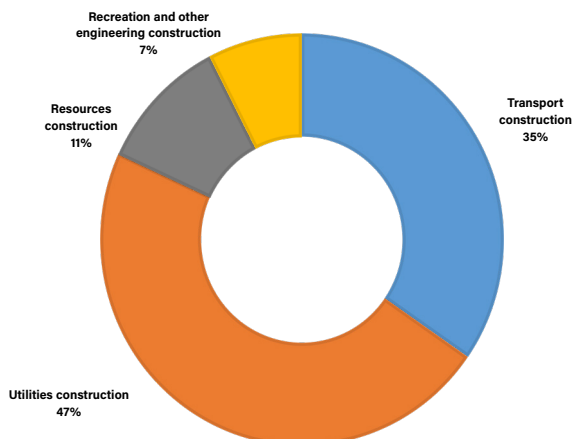
Composition of non-residential building work done in 2020-21



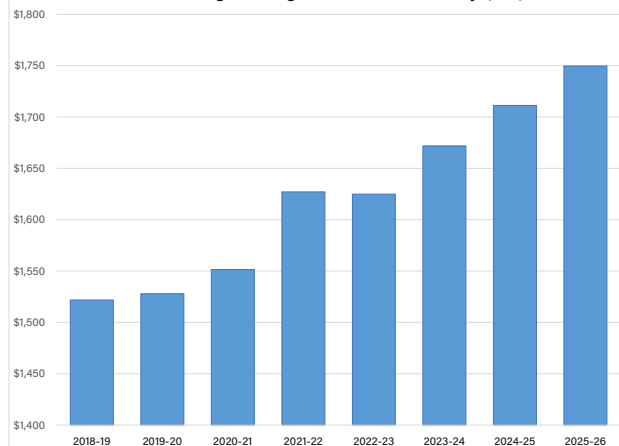
Non-residential building activity (\$m)



Composition of civil and engineering construction work done in 2020-21



Civil and engineering construction activity (\$m)



Total building and construction activity: Master Builders forecasts to 2025-26
Millions of dollars, chain volume measures (2018-19 prices)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26
Total building and construction activity	\$3,247.7	\$3,255.7	\$3,284.2	\$3,505.2	\$3,373.7	\$3,372.0	\$3,383.9	\$3,623.0
<i>Change on previous year (%)</i>		+0.2%	+0.9%	+6.7%	-3.8%	-0.0%	+0.4%	+7.1%
Residential building activity	\$984.1	\$1,000.2	\$1,125.0	\$1,201.8	\$1,063.9	\$1,005.3	\$984.7	\$1,056.0
<i>Change on previous year (%)</i>		+1.6%	+12.5%	+6.8%	-11.5%	-5.5%	-2.1%	+7.2%
Non-residential building activity	\$741.8	\$727.6	\$607.7	\$676.3	\$684.8	\$694.8	\$687.9	\$817.3
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Civil and engineering construction work	\$1,521.8	\$1,527.9	\$1,551.5	\$1,627.1	\$1,625.0	\$1,671.9	\$1,711.3	\$1,749.7
<i>Change on previous year (%)</i>		+0.4%	+1.5%	+4.9%	-0.1%	+2.9%	+2.4%	+2.2%

Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)



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