



MASTER BUILDERS
AUSTRALIA



BUILDING AND CONSTRUCTION INDUSTRY FORECASTS

NSW



**SHELL HOUSE, NSW
BY MULTIPLEX, WINNER OF THE 2021
NATIONAL CONSTRUCTION MASTER BUILDER OF
THE YEAR; NATIONAL COMMERCIAL/INDUSTRIAL
CONSTRUCTION AWARD - OVER \$100 MILLION;
NATIONAL COMMERCIAL HISTORICAL
RESTORATION/RENOVATION AWARD**



**BUPA SUTHERLAND, NSW
BY LIPMAN, WINNER OF THE 2021
NATIONAL LIFESTYLE HOUSING FOR SENIORS AWARD
- RETIREMENT VILLAGES**

CONTENTS

3
OVERVIEW

8
RESIDENTIAL BUILDING

11
NON-RESIDENTIAL BUILDING

13
CIVIL AND ENGINEERING
CONSTRUCTION

15
BUILDING AND CONSTRUCTION
WORK DONE

**ANDREW PAYTON, NSW
WINNER OF THE 2021
NATIONAL YOUNG BUILDER OF THE YEAR**

**SHELL HOUSE, NSW
BY MULTIPLEX, WINNER OF THE 2021
NATIONAL CONSTRUCTION MASTER BUILDER OF
THE YEAR; NATIONAL COMMERCIAL/INDUSTRIAL
CONSTRUCTION AWARD - OVER \$100 MILLION;
NATIONAL COMMERCIAL HISTORICAL
RESTORATION/RENOVATION AWARD**

OVERVIEW

Along with Victoria, New South Wales is the market whose residential building industry has suffered the most since inward migration ceased at the start of the pandemic. Medium-high density home building has had to absorb the bulk of the pain, with less than 25,000 apartment/unit starts in the state during 2020. This compares with a peak of almost 44,000 during the mid-2010s decade. The good news is that the eventual return to full-scale inward migration into Sydney and other major cities will herald better days for higher-density home building. Some signs of momentum already exist: medium-high density home building starts recovered by 26.6 per cent in NSW during 2021. Current data suggests that the ongoing series of interest rate hikes, weakening house prices, and stagnant rents in the Sydney market will take their toll during 2022, with a 6.3 per cent decline in commencements likely to occur. It is likely that activity will drop back further during 2023 and 2024.

Master Builders Australia forecasts of total construction activity for New South Wales to 2026 (millions of 2020–21 dollars)

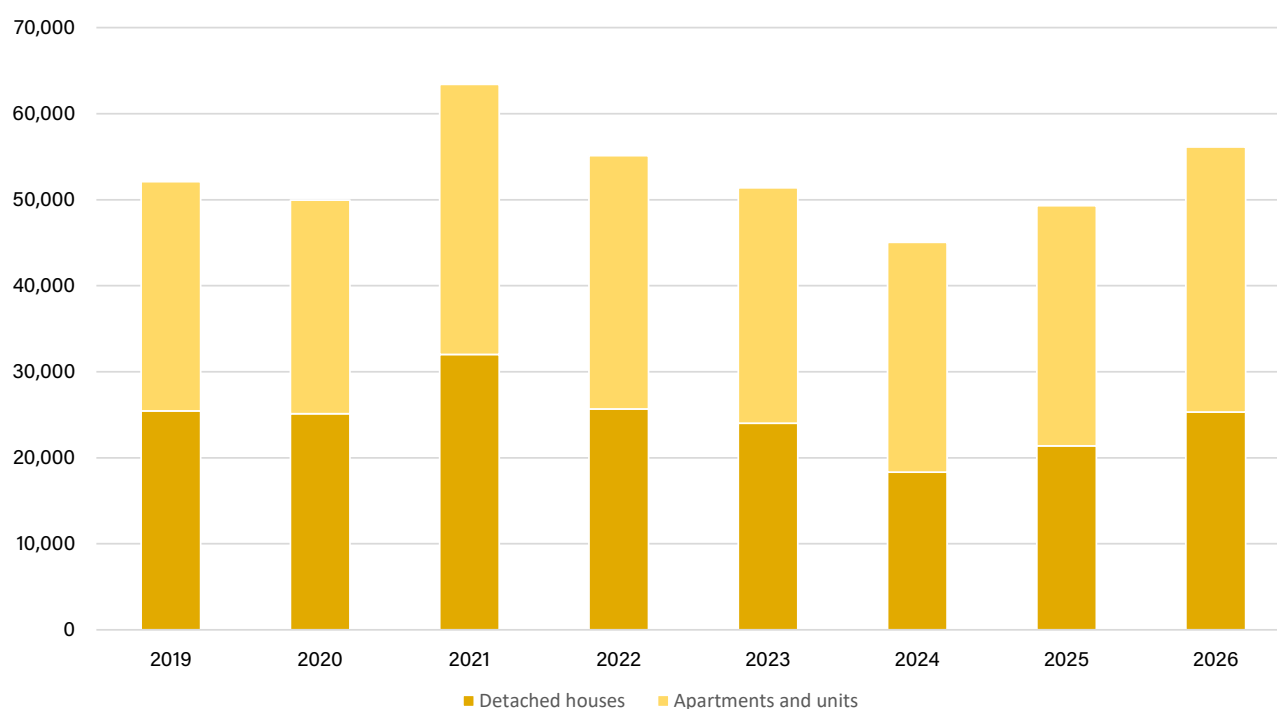
2019	2020	2021	2022	2023	2024	2025	2026
\$68,822.8	\$63,197.2	\$63,576.9	\$66,005.4	\$63,962.4	\$63,514.2	\$64,678.6	\$69,166.9
No data	-8.2%	+0.6%	+3.8%	-3.1%	-0.7%	+1.8%	+6.9%

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



BUPA SUTHERLAND, NSW
BY LIPMAN, WINNER OF THE 2021
NATIONAL LIFESTYLE HOUSING FOR SENIORS AWARD – RETIREMENT VILLAGES

Master Builders forecasts of new dwelling starts by type to 2026



Master Builders Australia forecasts of total new dwelling starts for New South Wales to 2026

2019	2020	2021	2022	2023	2024	2025	2026
52,110	49,960	63,430	55,120	51,380	45,050	49,300	56,140
No data	-4.1%	+27.0%	-13.1%	-6.8%	-12.3%	+9.4%	+13.9%

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

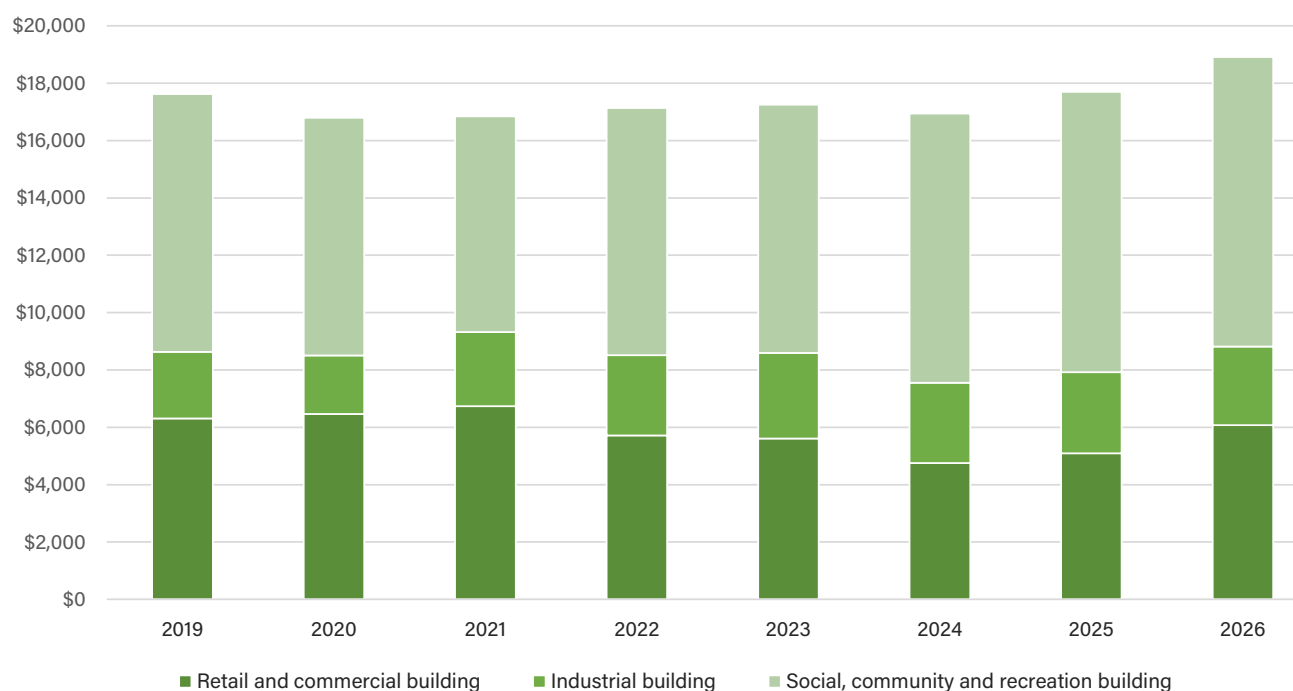
It is towards the end of our forecast horizon that we expect to see the biggest benefits from stronger migration. This period is also likely to be one of declining interest rates again. As a result, we project that medium and high-density home building starts will rise to about 30,800 in 2026, a gain of 24 per cent on the 2020 low point.

More than 32,000 new detached houses started work in NSW in 2021, the highest annual total since the late 1980s. Demand for houses has received a permanent boost since the pandemic, and the flight to regional NSW from larger urban areas is also likely to benefit detached house building over the coming years. However, recent house price and interest rate developments

mean that house building is set to go into reverse gear for a couple of years. The recovery which follows will see new detached house building reach 25,300 in 2026.

NSW's home renovations market had a bumper in 2021 with activity rising to \$3.82 billion, 23.2 per cent higher than the previous year. Building approvals data indicate that a further increase of 4.1 per cent is likely to occur in 2022, despite higher interest rates. As we approach 2026, however, home renovations in NSW will move into weaker territory due to the declining numbers of homes of key renovations vintage across the state.

Master Builders forecasts of non-residential building activity to 2026
(millions of 2020-21 dollars)



Master Builders Australia forecasts of total non-residential building activity for New South Wales to 2026 (millions of 2020-21 dollars)

2019	2020	2021	2022	2023	2024	2025	2026
\$17,620.8	\$16,792.3	\$16,839.2	\$17,132.8	\$17,249.8	\$16,942.0	\$17,696.7	\$18,917.7
No data	-4.7%	+0.3%	+1.7%	+0.7%	-1.8%	+4.5%	+6.9%

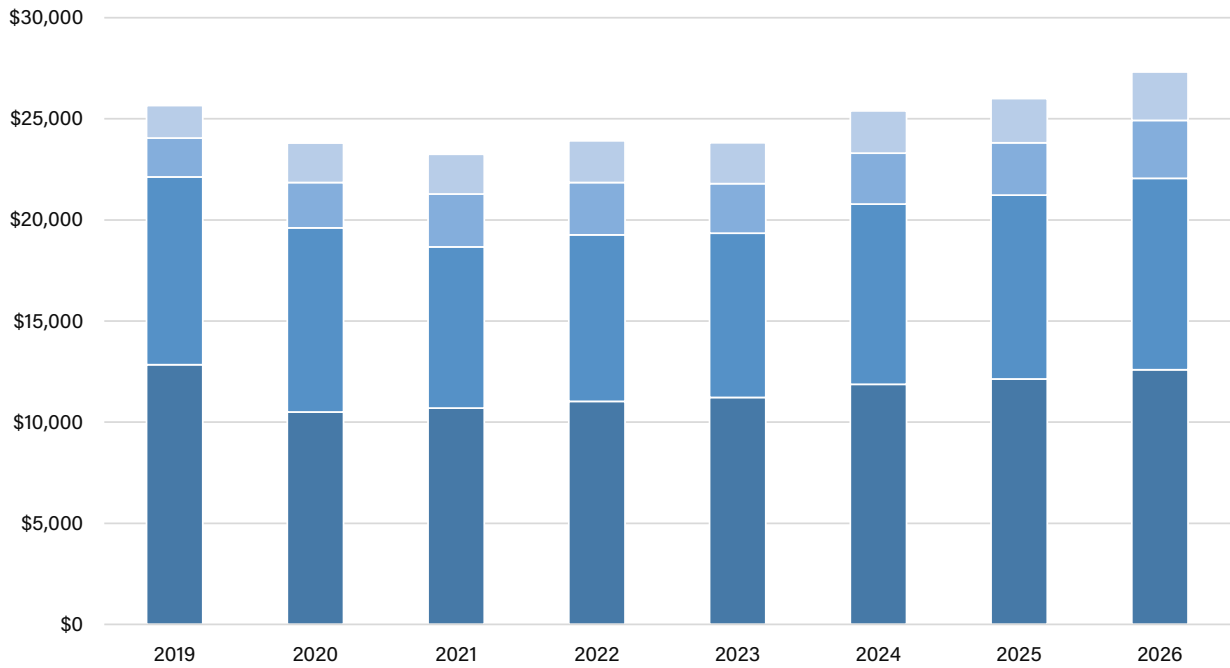
Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

Non-residential building in NSW got through the pandemic much better than might have been feared. The volume of work done inched up (+0.3 per cent) during 2021, and the flow of building approvals suggests growth of similar magnitude this year (+0.9 per cent). As we move towards 2026, growth will likely accelerate in light of faster population growth and a larger workforce. By 2026, we anticipate that non-residential building activity in NSW will be 12.3 per cent higher than in 2021. The biggest winner will be projects related to social, cultural and recreational buildings, which we expect to expand by 34.4 per cent over the forecast horizon. Industrial building work will also climb higher and experience a 5.9 per cent uplift over the same period.

This is on top of the sizeable gains made here during the pandemic. Less favourable are prospects for retail and commercial projects, which are likely to slip back by almost 10 per cent over the years to 2026.

Engineering construction activity in NSW suffered back-to-back declines during 2020 and 2021. The good news is that growth has resumed, and an increase of 2.5 per cent is likely over the course of 2022. Interest rates will cause activity to take a slight wobble during 2023, but from there, further gains will be racked up. By 2026, the volume of engineering construction activity in NSW will be 17.5 per cent higher than in 2021. Predictably, transport infrastructure projects will exert much influence on this outcome.

Master Builders forecasts of civil and engineering construction activity to 2026
(millions of 2020-21 dollars)



Master Builders Australia forecasts of total engineering and civil construction for New South Wales to 2026
(millions of 2020-21 dollars)

2019	2020	2021	2022	2023	2024	2025	2026
\$25,648.2	\$23,796.5	\$23,250.0	\$23,912.2	\$23,816.9	\$25,386.9	\$26,001.4	\$27,312.5
No data	-7.2%	-2.3%	+2.8%	-0.4%	+6.6%	+2.4%	+5.0%

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



ANDREW PAYTON, NSW
WINNER OF THE 2021 NATIONAL YOUNG BUILDER OF THE YEAR

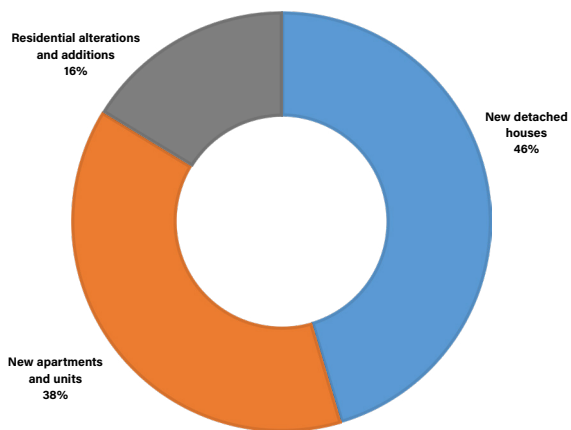
THE QUEENSLEA, NSW
BY MULTIPLEX CONSTRUCTIONS, WINNER OF THE 2021
NATIONAL LIFESTYLE HOUSING FOR SENIORS AWARD
- AGED CARE FACILITIES



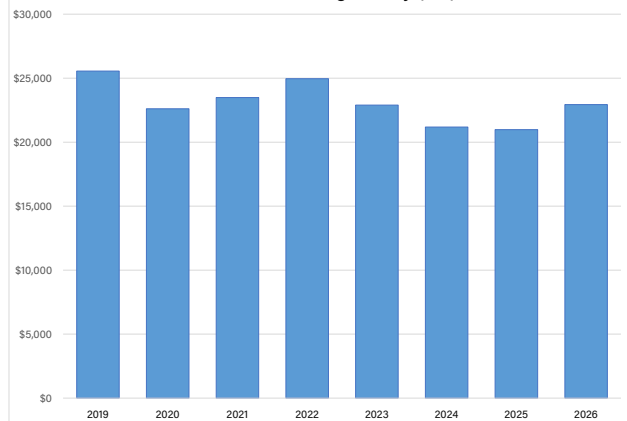
RESIDENTIAL BUILDING

WORK DONE BY SECTOR

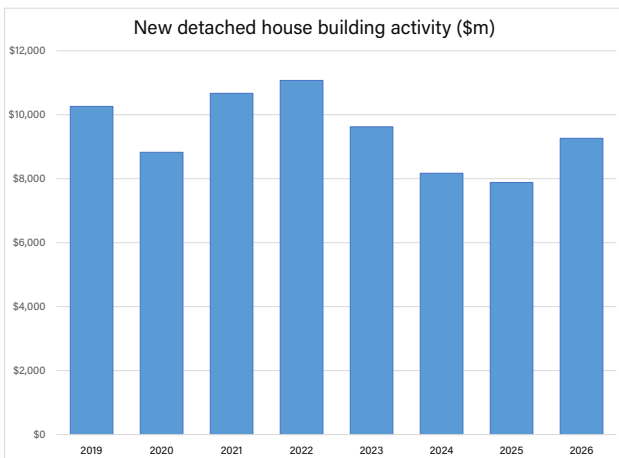
Composition of residential building work done in 2020-21



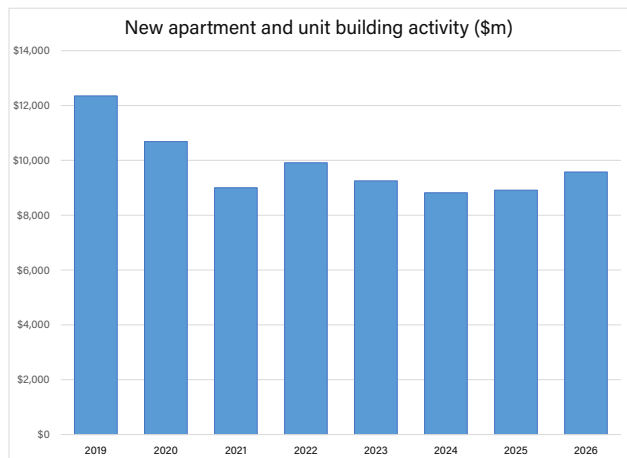
Residential building activity (\$m)



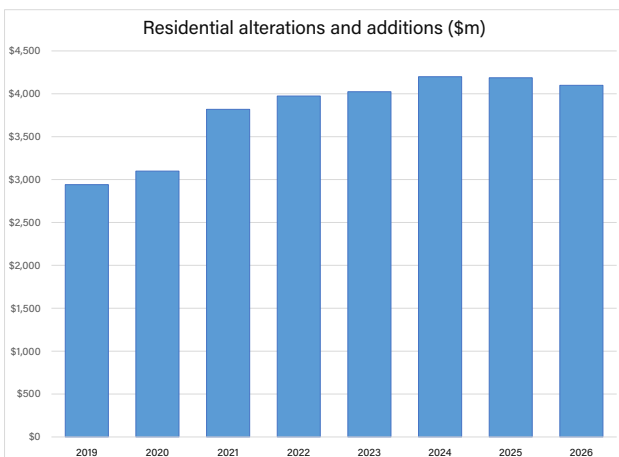
New detached house building activity (\$m)



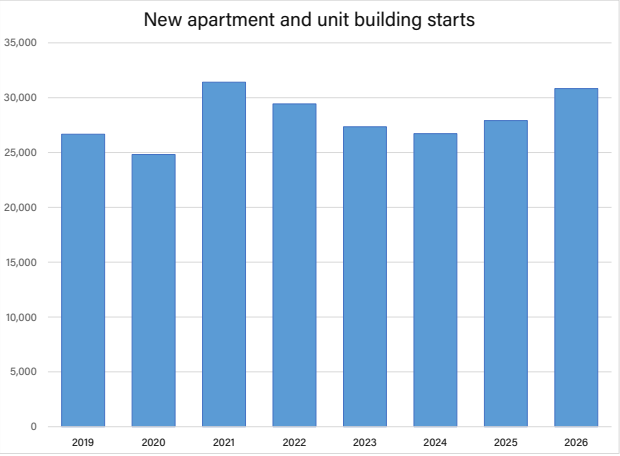
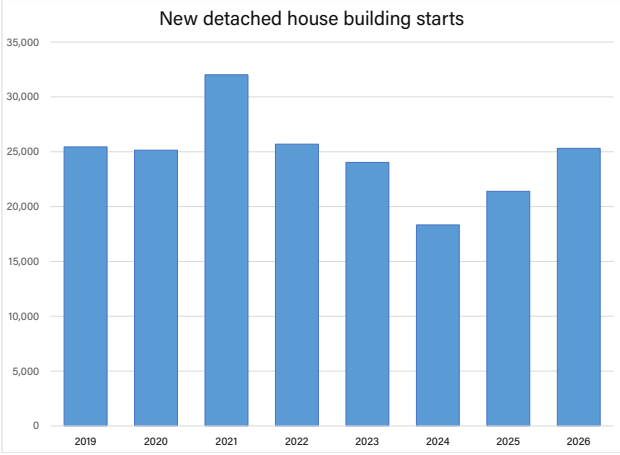
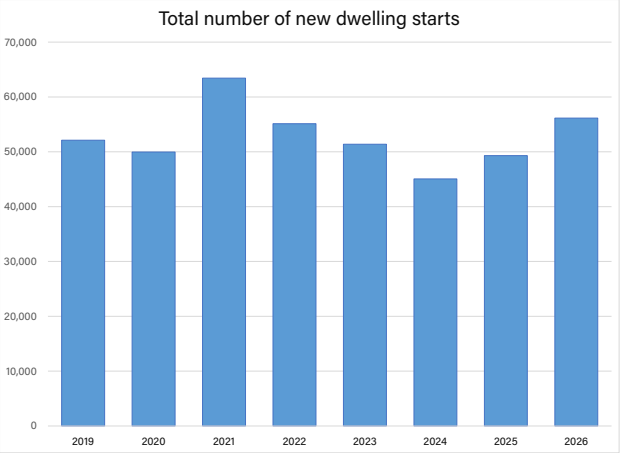
New apartment and unit building activity (\$m)



Residential alterations and additions (\$m)



NUMBER OF DWELLING COMMENCEMENTS BY SECTOR



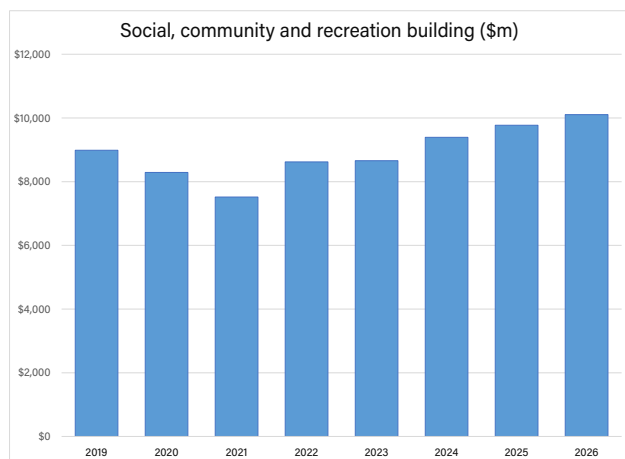
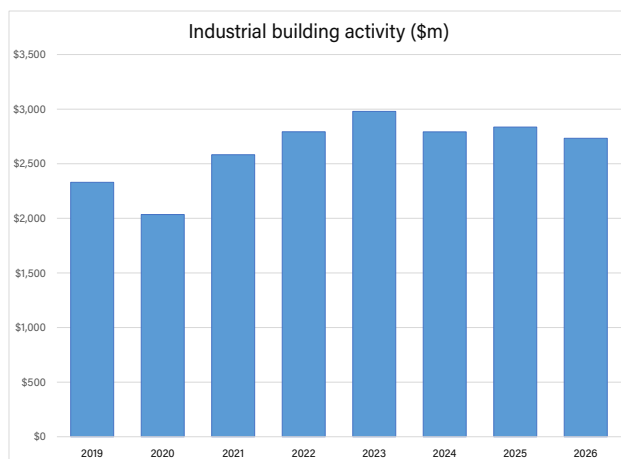
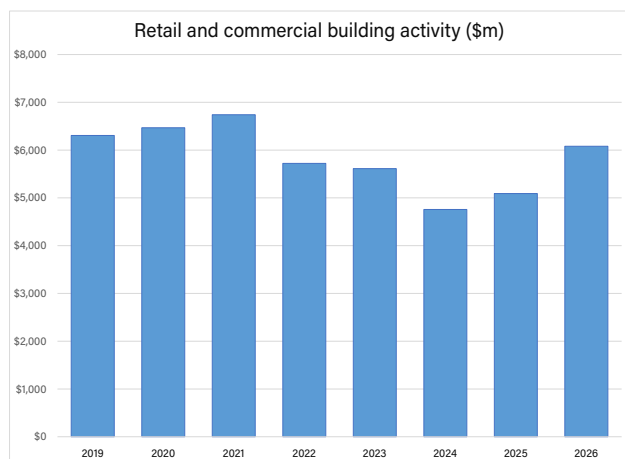
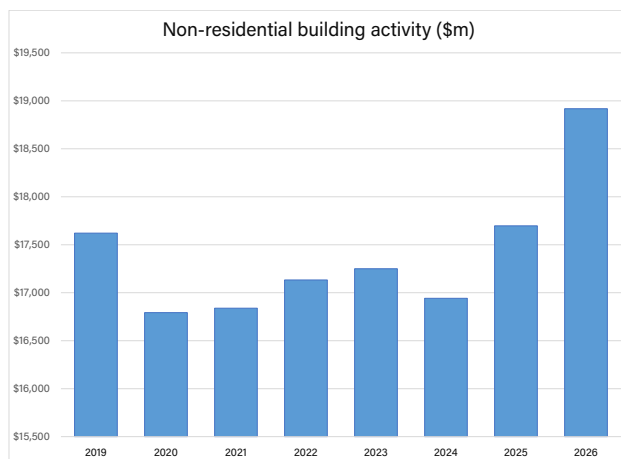
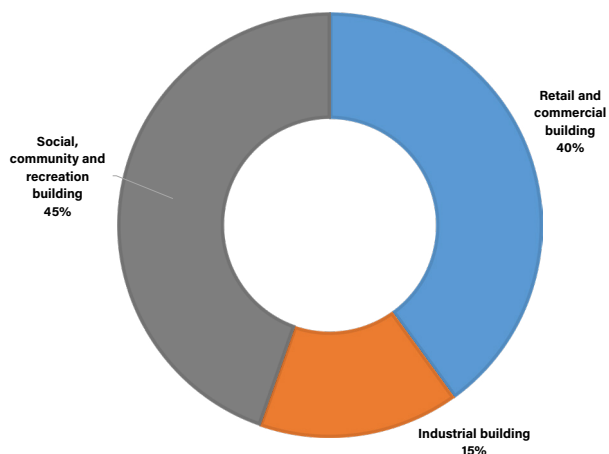
**Residential building activity: Master Builders Australia forecasts for New South Wales to 2026
(millions of 2020–21 dollars)**

	2019	2020	2021	2022	2023	2024	2025	2026
Total residential building activity	\$25,553.7	\$22,608.3	\$23,487.7	\$24,960.4	\$22,895.7	\$21,185.3	\$20,980.5	\$22,936.7
<i>Change on previous year (%)</i>	No data	-11.5%	+3.9%	+6.3%	-8.3%	-7.5%	-1.0%	+9.3%
New detached house building	\$10,261.8	\$8,824.2	\$10,668.0	\$11,073.2	\$9,621.0	\$8,169.1	\$7,882.1	\$9,262.2
<i>Change on previous year (%)</i>	No data	-14.0%	+20.9%	+3.8%	-13.1%	-15.1%	-3.5%	+17.5%
New apartment/unit building	\$12,351.2	\$10,685.1	\$9,001.1	\$9,913.4	\$9,251.2	\$8,817.8	\$8,912.1	\$9,575.4
<i>Change on previous year (%)</i>	No data	-13.5%	-15.8%	+10.1%	-6.7%	-4.7%	+1.1%	+7.4%
Residential alterations and additions	\$2,940.7	\$3,099.0	\$3,818.6	\$3,973.7	\$4,023.6	\$4,198.5	\$4,186.3	\$4,099.0
<i>Change on previous year (%)</i>	No data	+5.4%	+23.2%	+4.1%	+1.3%	+4.3%	-0.3%	-2.1%

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



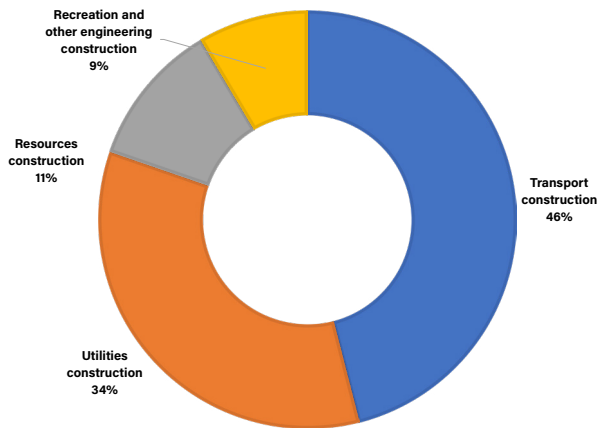
**Non-residential building activity: Master Builders Australia forecasts for New South Wales to 2026
(millions of 2020–21 dollars)**

	2019	2020	2021	2022	2023	2024	2025	2026
Total non-residential building activity	\$17,620.8	\$16,792.3	\$16,839.2	\$17,132.8	\$17,249.8	\$16,942.0	\$17,696.7	\$18,917.7
<i>Change on previous year (%)</i>	No data	-4.7%	+0.3%	+1.7%	+0.7%	-1.8%	+4.5%	+6.9%
Retail and commercial building work	\$6,305.5	\$6,467.3	\$6,739.0	\$5,720.9	\$5,612.4	\$4,757.5	\$5,090.3	\$6,079.5
<i>Change on previous year (%)</i>	No data	+2.6%	+4.2%	-15.1%	-1.9%	-15.2%	+7.0%	+19.4%
Industrial building work	\$2,329.8	\$2,035.0	\$2,582.2	\$2,792.3	\$2,978.9	\$2,791.6	\$2,835.8	\$2,733.3
<i>Change on previous year (%)</i>	No data	-12.7%	+26.9%	+8.1%	+6.7%	-6.3%	+1.6%	-3.6%
Social, cultural and recreational building work	\$8,985.5	\$8,290.0	\$7,517.9	\$8,619.6	\$8,658.5	\$9,392.9	\$9,770.7	\$10,104.8
<i>Change on previous year (%)</i>	No data	-7.7%	-9.3%	+14.7%	+0.5%	+8.5%	+4.0%	+3.4%

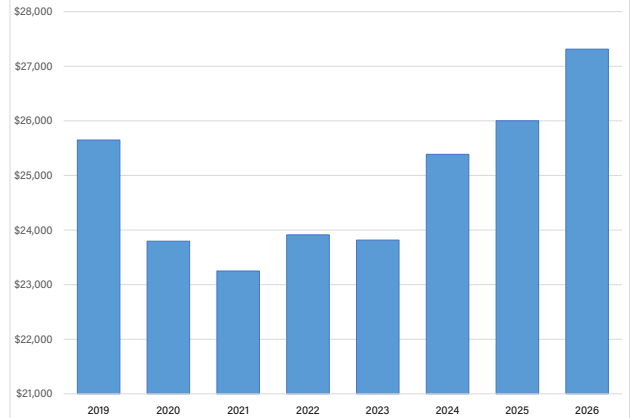
Source: Master Builders Australia-produced forecasts and analysis of ABS Building Activity (8752.0)

CIVIL AND ENGINEERING CONSTRUCTION

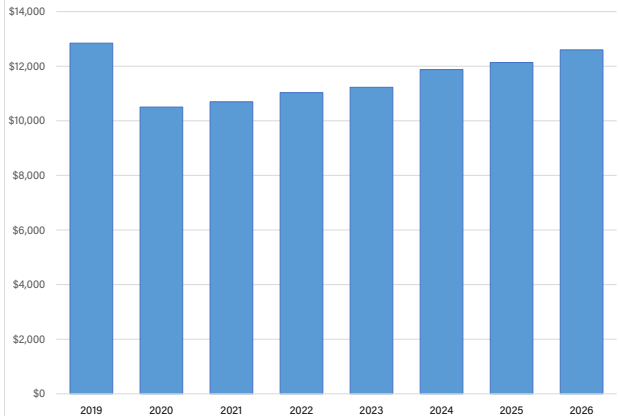
Composition of civil and engineering construction work done in 2020-21



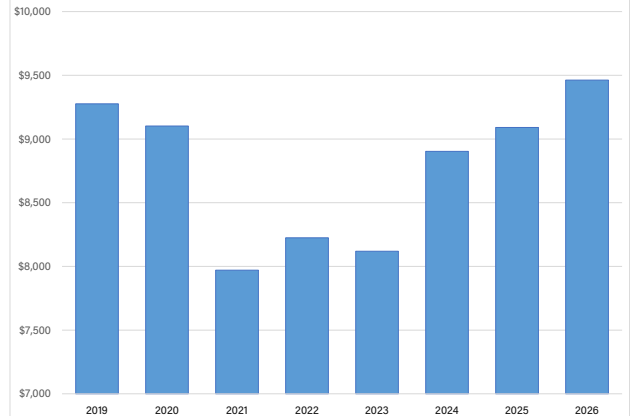
Civil and engineering construction activity (\$m)



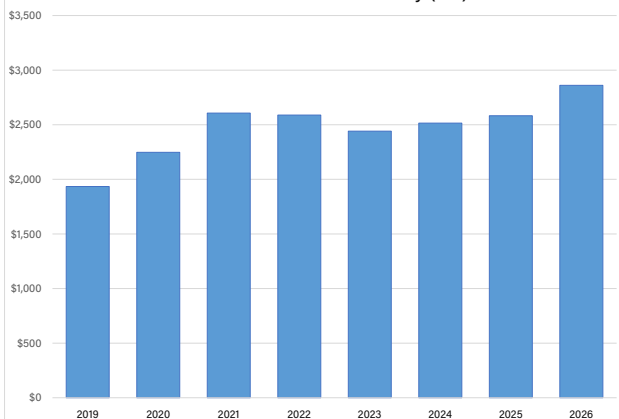
Transport construction activity (\$m)



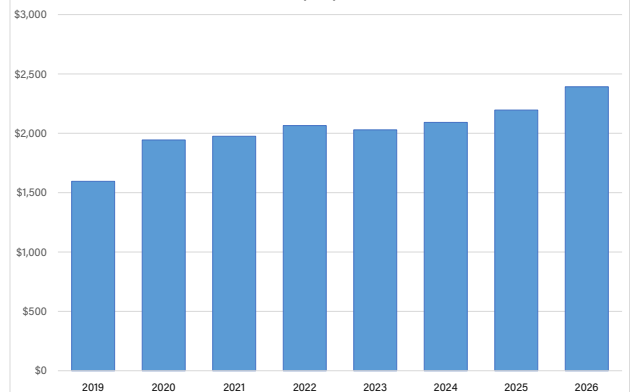
Utilities construction activity (\$m)



Resources construction activity (\$m)



Recreation and other engineering construction activity (\$m)



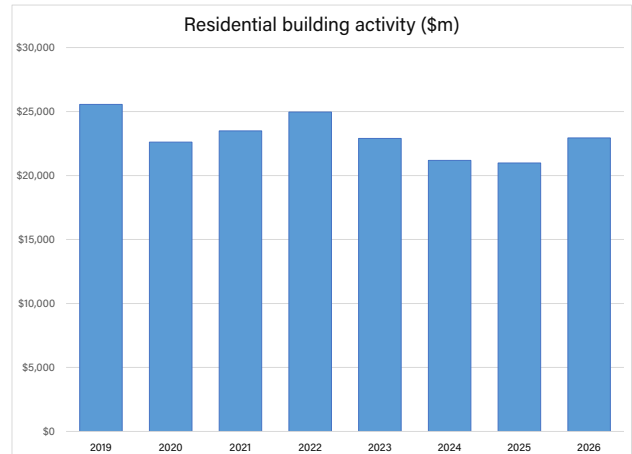
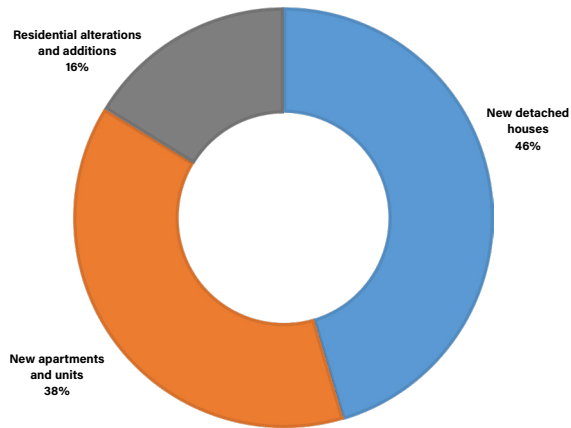
Engineering and civil construction activity: Master Builders Australia forecasts for New South Wales to 2026 (millions of 2020–21 dollars)

	2019	2020	2021	2022	2023	2024	2025	2026
Total engineering and civil construction activity	\$25,648.2	\$23,796.5	\$23,250.0	\$23,912.2	\$23,816.9	\$25,386.9	\$26,001.4	\$27,312.5
<i>Change on previous year (%)</i>	No data	-7.2%	-2.3%	+2.8%	-0.4%	+6.6%	+2.4%	+5.0%
Transport construction work	\$12,842.6	\$10,503.3	\$10,698.1	\$11,033.7	\$11,227.1	\$11,876.8	\$12,132.9	\$12,596.9
<i>Change on previous year (%)</i>	No data	-18.2%	+1.9%	+3.1%	+1.8%	+5.8%	+2.2%	+3.8%
Utilities construction work	\$9,275.9	\$9,102.0	\$7,970.1	\$8,224.3	\$8,119.2	\$8,902.6	\$9,090.4	\$9,462.5
<i>Change on previous year (%)</i>	No data	-1.9%	-12.4%	+3.2%	-1.3%	+9.6%	+2.1%	+4.1%
Resources construction work	\$1,934.2	\$2,247.5	\$2,606.6	\$2,589.0	\$2,441.5	\$2,515.3	\$2,582.6	\$2,861.2
<i>Change on previous year (%)</i>	No data	+16.2%	+16.0%	-0.7%	-5.7%	+3.0%	+2.7%	+10.8%
Recreation and other engineering construction	\$1,595.6	\$1,943.7	\$1,975.2	\$2,065.3	\$2,029.1	\$2,092.1	\$2,195.5	\$2,391.8
<i>Change on previous year (%)</i>	No data	+21.8%	+1.6%	+4.6%	-1.8%	+3.1%	+4.9%	+8.9%

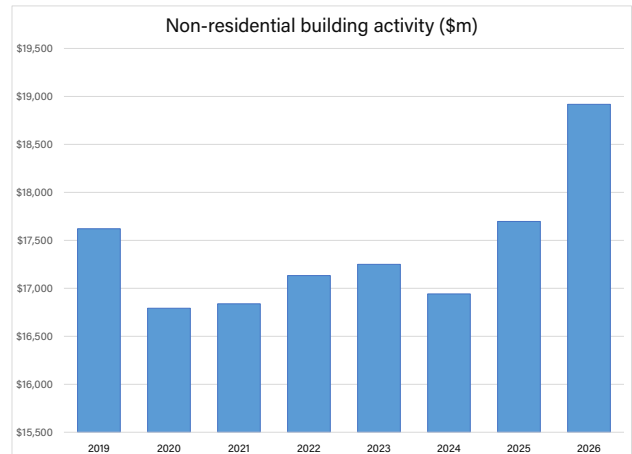
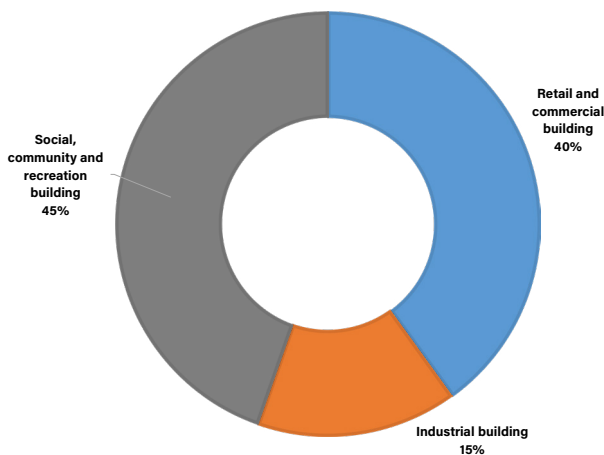
Source: Master Builders Australia forecasts; ABS Building Activity; ABS Construction Work Done

BUILDING AND CONSTRUCTION WORK DONE

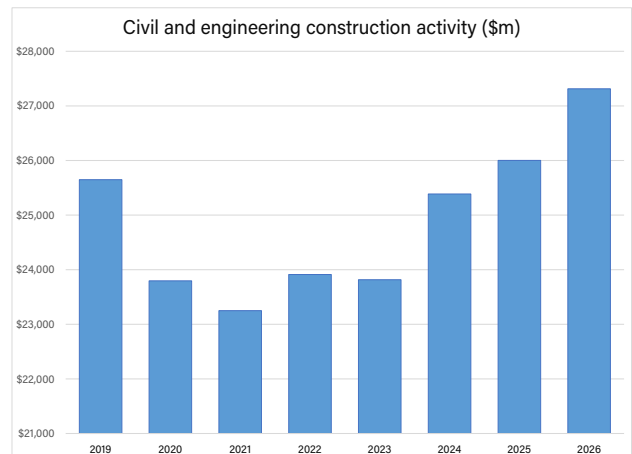
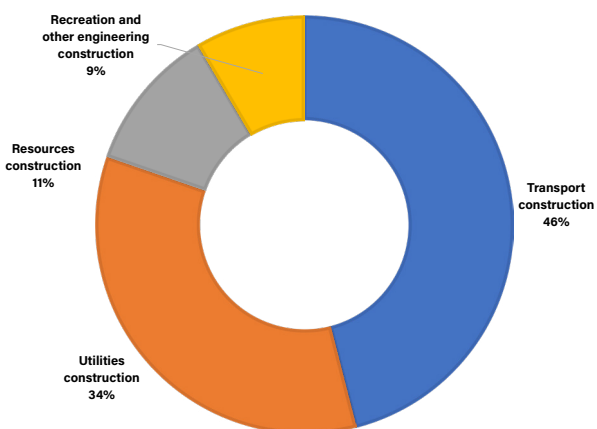
Composition of residential building work done in 2020-21



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



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



All construction activity: Master Builders Australia forecasts for New South Wales to 2026 (millions of 2020–21 dollars)

	2019	2020	2021	2022	2023	2024	2025	2026
Total building and construction activity	\$68,822.8	\$63,197.2	\$63,576.9	\$66,005.4	\$63,962.4	\$63,514.2	\$64,678.6	\$69,166.9
<i>Change on previous year (%)</i>	No data	-8.2%	+0.6%	+3.8%	-3.1%	-0.7%	+1.8%	+6.9%
Residential building activity	\$25,553.7	\$22,608.3	\$23,487.7	\$24,960.4	\$22,895.7	\$21,185.3	\$20,980.5	\$22,936.7
<i>Change on previous year (%)</i>	No data	-11.5%	+3.9%	+6.3%	-8.3%	-7.5%	-1.0%	+9.3%
Non-residential building activity	\$17,620.8	\$16,792.3	\$16,839.2	\$17,132.8	\$17,249.8	\$16,942.0	\$17,696.7	\$18,917.7
<i>Change on previous year (%)</i>	No data	-4.7%	+0.3%	+1.7%	+0.7%	-1.8%	+4.5%	+6.9%
Civil and engineering construction work	\$25,648.2	\$23,796.5	\$23,250.0	\$23,912.2	\$23,816.9	\$25,386.9	\$26,001.4	\$27,312.5
<i>Change on previous year (%)</i>	No data	-7.2%	-2.3%	+2.8%	-0.4%	+6.6%	+2.4%	+5.0%

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



MASTER BUILDERS AUSTRALIA

LEVEL 3, 44 SYDNEY AVE

FORREST ACT 2603

P 02 6202 8888

E FORECASTS@MASTERBUILDERS.COM.AU