

CONSTRUCTION INDUSTRY REPORT

AUSTRALIA AND NEW ZEALAND FY24/25

How the construction industry can develop
a robust future by adapting quickly in a
rapidly evolving landscape.

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CONSTRUCTION INDUSTRY OVERVIEW

\$1,473

Median weekly earnings

37

Median age

13%

Female share of workforce

9.4%

Of the workforce works in construction

38,397

New dwellings under constructions (up 1.3 per cent YoY)

2.9%

Fall in [total construction work](#) over 2023-2024

444,419

[Construction businesses](#) in Australia. (68 per cent are sole traders)

10%

Percentage of Australia's [GDP](#) that comes directly from building work

New career paths in construction

It's been an eventful, year for the construction industry in Australia to say the least. Having only just recalibrated after the disruption wrought by Covid, the [1.35 million](#) strong industry workforce found itself buffeted by elevated inflation, reduced investment, high material costs and a skills shortage that threatened to push wages upward and stymie growth.

And yet...

Jobs in construction have never been more in demand and the industry is embarking on a decade that will see unprecedented building activity across the residential, commercial and civil sectors and require a highly skilled workforce that can adapt as digitalisation ramps up and sustainability becomes a priority for every project.

Crisis? What crisis?

Despite a 1.9 per cent fall in the number of people employed in the sector over the past 12 months, construction will still bring in revenues of just under \$450 billion in 2024, a figure expected to rise by some \$30 billion by 2029, with [Master Builders Australia](#) predicting annual industry growth of one per cent.

But the slowly expanding pie won't be shared equally.

The Australian Securities and Investments Commission ([ASIC](#)) reports that more than 1400 construction firms filed for insolvency in the second half of 2023, a rise of 29 per cent compared to 2020. In December, the sector accounted for over a third of all company failures leading to the [Housing Industry Association](#) issuing a warning that the industry was facing its biggest challenge since the energy crisis in the mid 1970s.

That might be overstating the threat, as there are also reasons for optimism as the government rolls out an ambitious \$120 billion infrastructure pipeline and promises 1.2 million new homes in the next five years. Plans are also being drawn up for thousands of solar and wind farms, hydroelectric plants and battery storage facilities to keep on track for net-zero targets by 2050.

Value of construction work by state

Every state is showing year-on-year growth apart from Victoria, with WA up a massive 16.4 per cent. However all states have shown decline in the past six months.

State/Territory	Q2 24 (\$m)	Q4 23 - Q2 24	Q2 23 - Q2 24
New South Wales	\$18,997.9	-1.7%	1.1%
Victoria	\$16,199.0	-2.5%	-5.1%
Queensland	\$12,366.7	-1.6%	3.0%
Western Australia	\$9,967.3	-2.7%	16.4%
South Australia	\$3,789.5	-5.0%	0.4%
Tasmania	\$1,038.1	-2.0%	3.1%
Australian Capital Territory	\$996.4	-4.5%	2.7%
Northern Territory	\$746.5	-14.9%	-1.1%

Source: [ABS](#)

200,000

Homes in [New Zealand](#) expected to be greenlit for construction over the next six years

\$NZ56.3b

Size of [New Zealand construction industry](#) in 2023

Ongoing skills shortage

Perhaps the biggest barrier to growth is the ongoing shortage of skilled labour available, which doesn't look likely to improve anytime soon.

According to [BuildSkills Australia](#), for the government to deliver all those residences it'll need to find another 90,000 construction workers to start work with immediate effect if it wants to achieve its goal of putting up 60,000 homes a month. The situation is further hampered by the increasing numbers of non-licensed residential tradespeople, including plasterers and tilers, moving to better-paid roles in the commercial and infrastructure space.

In 2023, building work began on only [163,836 new homes](#), the lowest in over a decade and some 80,000 short of the number required to reach the target.

As Master Builders Australia chief executive Denita Wawn pointed

out to the [ABC](#), that's simply not going to happen without radical policy changes to fast-track higher levels of skilled worker migration.

"We're pushing constantly for trades to be on the skilled priority list – it's critical that we do that," she said. "The federal government should be commended that they've actually focused their attention around supply, not demand [but] we need to focus on how we can actually get there."

She suggests one obvious solution is increasing the percentage of female apprentices, which currently stands at a derisory 4.7 per cent.

[Master Builders Australia](#) forecasts that almost half a million Australians would need to join the industry over the next three to five years to meet demand. Its blueprint for future-proofing the industry calls for urgent action to attract, recruit and retain more workers.

Meanwhile in New Zealand

A recent comment from the NZ Institute of Building offered an overview of the industry in New Zealand, that they make clear was based on sentiment and anecdotal observation, rather than the statistical analysis. They further point out that those statistical reports are likely to be more positive than the trends that have recently been observed.

Like Australia, the headlines initially seem disappointing, but there are also glimmers of hope starting to show. A downturn in construction activity is currently being seen and this is leading to some companies downsizing and restructuring, and this spare capacity is leading to unemployment and workers heading overseas. For the commercial industry there is still more pain to come as things become more competitive.

There are however green shoots of recovery being seen in the

residential sector, with inflation slowing and possible interest rate reductions expected, residential development should start to pick up again in several months' time.

The government is promising new housing targets, but these may not provide the stimulus needed. In fact, new reviews and reforms from the new government is actually slowing projects down.

All of this means skilled worker shortages are no longer occurring, and in fact there may be skilled workers heading overseas due to a lack of domestic work available in the short term.

[Master Builders Australia](#) forecasts that almost half a million Australians would need to join the industry over the next three to five years to meet demand.



Not easy going green

The shift towards green construction has so far proved to be both a challenge and a glittering opportunity.

Globally, the sustainable building materials market is set to soar from US\$205 billion in 2022 to more than US\$755 billion by the end of the decade. And the APAC region is growing faster than any other around the world.

In Australia, the sharp rise in demand has been partly driven by updates to the National Construction Code ([NCC](#)) in 2022, which mandated minimum requirements for the ongoing construction and operation of energy-efficient buildings.

A 2023 report by [Jobs and Skills Australia](#) claims we'll need an additional 32,000 electricians just to meet our renewable energy targets in the future.

Overall, there are [national shortages](#) for half of all trade occupations.

In the jobs market, the winners will be those who can adapt their skill sets to the new-look industry, embrace digitalisation and hitch a ride on the unstoppable sustainability bandwagon. No other job sector is facing so many pressing challenges... and the promise of such lucrative rewards.

But adopting more **planet-friendly practices** has implications for the current workforce and will require **unparalleled investment** in training and upskilling.

BUILDING BLOCKS

THE BIGGEST CHALLENGES OF 2024

1 in 10

[Australian](#) workers are employed in construction

8%

Annual workforce lost to [retirement](#)

37%

Of Kiwi construction [business leaders](#) feel positive about the economy

More bodies needed on the ground

By far the biggest roadblock is the growing number of unfilled vacancies and the knowledge that most experts predict the situation is likely to get worse.

Nine out of ten builders say the situation is already putting their businesses under pressure, the latest [BCI survey](#) found.

“It’s the biggest risk to projects,” noted Robert Furolo, Executive Manager, Corporate Communications at Deicorp.

In August last year, the government’s [National Housing Accord](#) proclaimed that an average of more than 650 homes would be built every day from 1 July 2024 for five years.

However, [Buildskills Australia](#), the group tasked by the government to find solutions to the workforce challenges in construction pointed out that erecting that number

would require an additional [90,000](#) construction workers toolled up and ready to begin with immediate effect, something that the group’s Executive Director of Research Robert Sobyra admitted was absolutely impossible.

“Clearly we’re not going to be able to achieve that,” he said, “which means in future, we’re going to have to deliver more to make-up for what we don’t do at the front-end of the program.”

Rising material costs

As global supply chains continue their rollercoaster post-Covid ride, the costs of most raw materials have surged, leading to project delays and cancellations.

Overall construction prices have risen [5.9 per cent](#) in the past 12 months and remain on an upward trajectory. Two years of rapidly rising [energy prices](#) appear to be over as coal prices plummet and more clean energy becomes available, but developers hoping

for actual price cuts may be very disappointed.

Concrete: A seven per cent [year-on-year](#) rise was fuelled by hikes in electricity and labour costs, with the [AFR](#) reporting the price of installed concrete has jumped by almost 50 per cent on a per square metre basis in just four years. High demand means there won’t be any let up in the rising costs.

Structural steel and rebar:

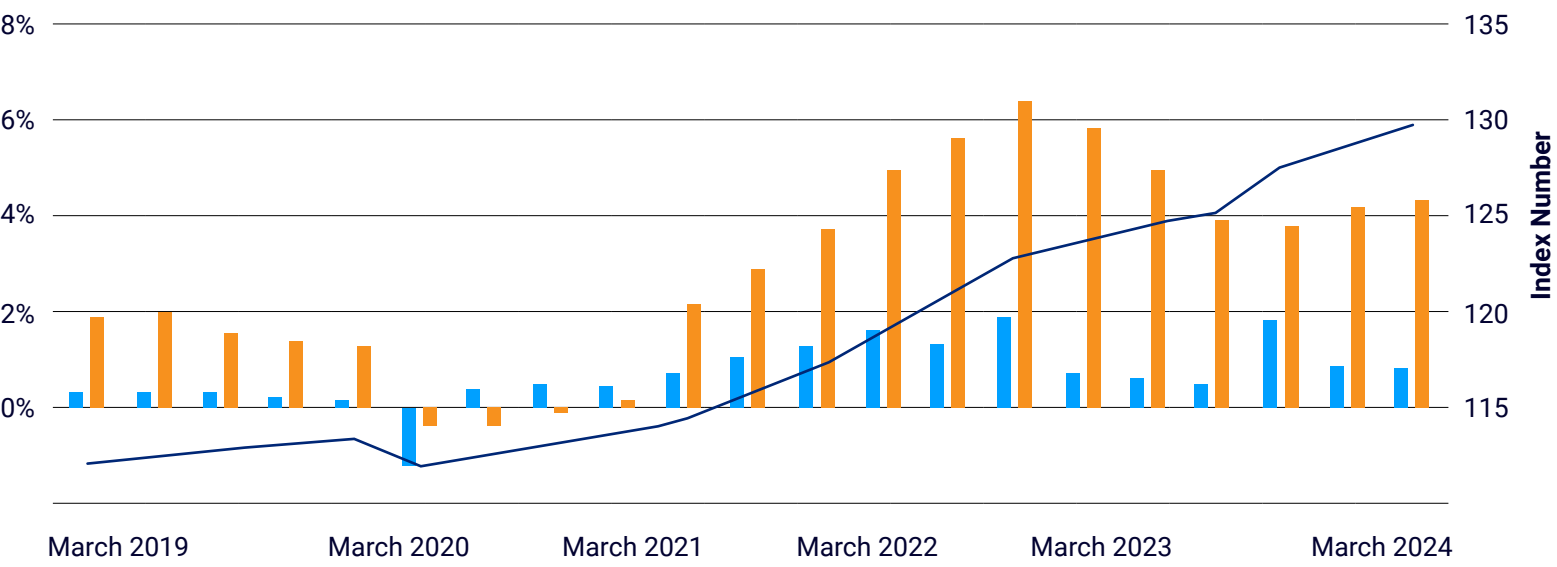
The downturn in residential construction globally led to a [10 per cent](#) drop in prices, but the World Steel Association is forecasting a [1.7 per cent rebound](#) this year and [growth](#) of five per cent in 2025 which could see costs edging back up.

Plasterboard: Costs rose nearly 10 per cent in a year thanks to high manufacturing costs and a healthy project pipeline.

Bricks: The race to construct houses means bricks and mortar

Produce Price Index

Final demand increased 0.9% this quarter.



Index reference period: 2011-12 = 100.0
Source: [ABS](#)

are in strong demand leading to a [7.5 per cent price jump](#) which will soften this year as more supply starts to kick in.

[Altus Group](#) warned that global uncertainty in a number of important areas will continue to drive material prices higher.

“Prices of imported materials, including equipment, cabinets, joinery, façades, tiling and stone are expected to rise due to current disruptions in the Red

Sea,” it stated. “Multiple shipping companies have paused or rerouted shipments, sending billions of dollars in cargo around the Cape of Good Hope to avoid the Suez Canal.

“While Australia’s material supply chains aren’t usually dependent on the Red Sea route, there are flow-on effects in global supply chains. Delivery delays and availability of shipping containers in other parts of the world ultimately translate into rising prices in Australia.”

PROBLEMS ARE BUILDING

THE BIGGEST CHALLENGES OF 2024

1.3m

Jobs set to be created to achieve emissions targets, according to [Net Zero Australia](#)

60,000

New jobs created in regional Australia by 2025 for clean energy projects, according to [Energy Minister Chris Bowen](#)

Managing supply chain reactions

Despite a wealth of natural resources, the construction industry relies heavily on imported materials, putting it at the mercy of geopolitical tensions, natural disasters and ever more complex international logistics.

The last year has seen increased shipping costs, sweeping regulatory changes, rampant inflation and labour disputes that have all disrupted supply routes.

Surviving the green revolution

It hasn't escaped the notice of clean energy campaigners and regulators that the nation's infrastructure projects are currently responsible for [70 per cent of our carbon emissions](#).

No other industry finds itself under such a spotlight or has more to do to reach sustainability mandates. But neither is any other attracting more investment, including a portion of the government's [\\$22.7 billion Future Made in](#)

[Australia package](#) and \$134 million to expedite approvals of renewable energy projects. Then there are the [10,000 clean energy apprenticeships](#) worth \$10,000 each over the next four years.

Meanwhile, the [Net Zero Economy Authority](#) will help workers in emissions-intensive industries find employment in the clean energy sector by providing skills training and jobs initiatives to build a skilled workforce for sustainable construction projects.

“Amid these challenges, **winners and losers will inevitably emerge**. Well-capitalised builders are positioned to expand, seizing opportunities left in the wake of failed firms, a trend already witnessed in 2023. **The landscape promises to be challenging, but it's one where resilience and financial strength can turn adversity into opportunity.**”

[Ashleigh Porter](#), Chief Information Officer, BCI Central



4.2%

Average annual rise in construction wages – in line with most other industries (April 23 - March 24). Source [ABS](#)

\$88.8m

Amount pledged by the government for 20,000 additional fee-free TAFE [training places](#) to increase the pipeline of construction workers

THE MOST IN-DEMAND JOBS

The unprecedented volume of major infrastructure projects greenlit to begin before 2030 together with a government commitment to build a record number of new homes has driven demand for many qualified professionals to new levels.

New levels that the current supply of labour simply can't meet, piling pressure to find the right skills and highlighting talent deficits across blue- and white-collar workers that are likely to worsen during the next 12 months.

Part of the problem is a drop in the number of skilled professionals coming to Australia from overseas, according to [Master Builders Australia CEO Denita Wawn](#).

"If you look at the migration numbers at the moment, it's predominantly students and backpackers," she said recently. "Until such time as the department gets back up to speed on the skilled permanent migration

applications ... we still think there's a good 12-month lag [that will] impact the skills shortage."

In the meantime, in every category of construction, the ability to deploy new recruitment strategies, ramp up training programs and restructure organisational charts will all be prerequisites for long-lasting success.

The crisis is further complicated by rapid digitalisation and the investment drift towards sustainability, both of which have transformed the employment landscape and rewritten the list of roles the industry needs.

Perhaps surprisingly, employers struggling to attract the right new recruits aren't noticeably increasing remuneration packages.

Research by [Jobs and Skills Australia](#) and the Reserve Bank found that, in 2023, pay rises were only used by around one per cent of companies in the construction

industry as a tactic to fill long-term vacancies. The previous year, it was just 0.4 per cent.

The next 12 months will be pivotal for human resources teams at the coalface of the crisis after a bumpy four years of transitory new normals replacing each other seemingly every few months. When it comes to the construction industry in recent years, the only consistent has been change.

And as a layer of construction dust settles over the Covid years and recruiters regroup for the next battlefield, the following pages detail the five roles which are set to be most in demand.

All are highly transferable between the commercial, residential and infrastructure sectors, and all will be essential for designing and building the vast renewable energy infrastructure projects that are already getting underway.

THE MOST IN-DEMAND JOBS



Project Managers

As linchpins of the industry, few other roles are as vital in making sure developments are executed smoothly, on schedule and within budget. Good project managers can make more of a difference to a construction project than just about any other role.

But finding outstanding candidates can be a difficult task in the current landscape. The Australian Institute of Project Management estimates there are currently more than [10,000 vacancies](#) for the role, with many likely to end up being filled by under-qualified individuals.

“There are a lot of accidental project managers at the moment,” the institute’s interim Chief Executive Andrew Hendry said this year. “That’s not necessarily bad, it’s just the fact that they haven’t had the formal background in the technical side. It’s currently one of the most sought-after professions.”

The widespread shortages are partly the result of increased digitalisation, making the skill set required more technical than in the past. The use of specialist project management software has soared from [11 per cent of projects](#) in 2022 to over a third last year, with 93 per cent of managers ranking automation as a priority.



Engineers (civil, structural, environmental)

Australia will be short of 200,000 engineers by 2040, hampering every aspect of construction and slowing economic growth, a study by [Professionals Australia](#) found last year.

“[It] threatens Australia’s capacity to deliver major infrastructure projects, large-scale transformation of the energy sector and intensified technological innovation across the economy,” the report states. “Without targeted policy interventions at the federal and state levels, the shortage in engineering skills will significantly undermine Australia’s future productivity and economic growth.”

Only 8.5 per cent of Australian graduates have engineering qualifications – the sixth lowest in the OECD – and nearly three-quarters of the profession’s growth in recent years has been from people born overseas, rather than in Australia.

“Alarm bells should be ringing,” Ben Schnitzerling, Managing Director of infrastructure design consultancy Red Fox told Engineers Australia. “Urgent action needs to be taken to review how graduate engineers are treated and find ways to keep them in the profession.”

“We all have a role to play in developing the engineers of the future.” Ben adds. “And that starts with changing the dialogue from the risk of failure to having the confidence to believe that it’s worth having a go to find new ways to solve problems.”



Electricians

There are [185,000 qualified electricians](#) in Australia, but it’s not nearly enough to cope with the surge in demand that will accompany the installation of the green energy network. Jobs and Skills Australia projects we’ll need another 32,000 by the end of the decade and then an additional 80,000 by 2050.

According to [Electrical Group Training](#), one of the reasons that the number of job applicants for electrical jobs has halved in the past five years is that there’s too much emphasis on higher, tertiary education instead of trade experience.

One such solution would be attracting more female sparkies as they currently make up just three per cent of the profession. [Shortages](#) are most severe for jobs with the biggest gender imbalances.

And it’s not just electricians who are thin on the ground. Other skilled trades such as [plumbers](#), mechanics, boilermakers and carpenters aren’t far behind when it comes to supply shortfalls.



Site supervisors

The lack of building site managers will be one of several barriers to the rollout of renewable energy infrastructure, a report prepared by the [UTS Institute for Sustainable Futures](#) has revealed.

And with the National Skills Commission estimating that demand for the role will grow by 12 per cent over the next five years, experienced candidates will be like hens’ teeth.

The role itself is also becoming more complex due to more stringent safety guidelines, ESG compliance demands and changing work practices brought about by automation.

Master Builders has called for more senior construction workers to be included in the top-earning stream of Labor’s skilled migrants strategy to reduce the red tape needed to bring them to Australia.

And that should include site supervisors as most comfortably earn more than the \$135,000 threshold for visas, according to the [Grattan Institute](#).



Quantity surveyors

Over three-quarters of Australian companies polled by the [Royal Institute for Chartered Surveyors](#) say there is a severe shortage of quantity surveyors. No other profession ranked higher in the survey and the institute described the situation as an “ongoing challenge”. The current number of qualified quantity surveyors has been [static since 2019](#) at around 8,500 despite a spike in demand for their services caused by the transition to cleaner energy.

[Surveyors Australia](#) estimates the shortfall in surveying professionals is set to exceed 2000 and will impact high-profile infrastructure projects such as the Brisbane Olympics, Melbourne Metro Rail and Sydney’s Western Harbour Tunnel. It says Queensland and Western Australia will be the worst hit.

Like for like?

Experts within the industry report that white collar roles such as project management, engineering and site supervision are readily transferable between construction industry sectors and as a result, are in high demand.

And while some blue-collar roles, such as those in licensed trades like plumbers and electricians, can make the switch provided they upskill, for others, including tilers, plasterers and painters, the swap is more easily achieved.

SOLVING THE CONSTRUCTION PROBLEM

There's no shortage of opinions on how to address the major headwinds threatening to continue blowing the construction sector off course.

Finding enough strong candidates to fill the growing list of construction vacancies won't be easy, but that doesn't mean that the industry can't take urgent steps to ease the immediate pain and begin focussing on some seismic long-term strategies to become battle ready for the coming decades.

In February, the government launched [BuildSkills Australia](#) to draft the country's first workforce plan for getting the construction industry back on track.

"The comprehensive plan will support federal government policy-making and support skills and training needs across the sector," Co-Chair Paula Masters declared at the announcement. "BuildSkills' workforce plan will place a priority on ensuring the skills and training of today meet the needs of the future."

The new body is promising to "[bring together stakeholders](#) in

a tripartite approach to solve problems collaboratively."

But in the meantime, here's what some industry experts and institutions have been suggesting.

[Jobs and Skills Australia](#) recommends five ways to improve the situation for occupations that have suffered persistent skills shortages over many years.

1. Support for rural businesses

Over 80 per cent of employers in remote areas say applicants are put off by their location.

2. Higher wages

A survey by Jobs and Skills Australia found very few of the businesses struggling to find talent offer more money as an incentive for candidates.

3. Factor in qualification times

It takes several years to complete a bachelor's degree or apprenticeship so shortages in roles such as electricians, mechanics and engineers need to be identified early enough

in advance for candidates to undertake the necessary training. Universities too must be attuned to future construction trends.

4. Address suitability gaps

These occur when there are enough qualified candidates, but employers deem them to be unsuitable or lacking in experience. In 2023, it particularly affected construction managers and civil engineers. The solution isn't upping the number of qualified personnel, but investing in improving the employability and 'soft skills' of those being turned down.

5. Boosting retention rates

High employee turnover stretches human resources departments and wastes money on activities such as onboarding staff members who often take flight after only a few months. Invariably it tends to be linked to unhealthy workplace culture, inadequate training or poor management practices.

"Over **80 per cent** of employers in **remote areas** say **applicants are put off by their location.**"



Diversify and plan ahead

“Political and economic factors have impacted confidence and had a knock-on effect on growth. Companies with a healthy mix of project types and sizes in their pipeline will fare better than those concentrated on just one sector. Part of our role is to help clients achieve that and also make plans that stretch for several years in advance. I’d say I have reserved optimism for the next year or so.”

Marcus Hancock, Director of MJH Group a leading strategic consultancy with several construction clients

Breaking down international barriers

Enticing more overseas workers onto Australia-bound planes is seen by some as a silver bullet, but it’s also something of a double-edged sword.

If there aren’t enough homes for our growing population, how will we house the migrants hired to build the houses?

And then there’s the fact that half the skilled migrants already here are working in jobs for which they’re overqualified. [The Committee for Economic Development](#) found that foreign nationals earn less than those born in Australia and it takes them 15 years to catch up.

[Engineers Australia](#) estimates that over 100,000 qualified engineers are driving Ubers, discriminated against for a perceived lack of English skills or because their credentials were earned overseas. It calls the situation “an emerging national disaster.” There are growing calls to streamline the visa application process for skilled workers and recognise their existing qualifications.

New Zealand faces similar challenges when it comes to skills shortages, migration and constrained housing stock. Additionally, a new policy implemented in November 2023 means that some specific

construction occupations must have at least [35 per cent](#) of their workforce made up of New Zealand citizens.

Upskill now

“Shortage of talent is an ongoing problem, but a bigger issue is productivity. A recent report from Oxford Economics warned that productivity measures must improve to avoid major project cost blowouts towards the end of the decade. Part of that will come down to equipping workers with the right capabilities to enhance their development and efficiency.

“When it comes to transferring skills, this can be done but realistically those in residential, commercial and infrastructure construction are relying on experts or contractors to provide end-to-end experience or turnkey solutions to fill the gaps.”

Murray Vitlich, CEO, Coates, Australia's leading infrastructure and heavy equipment hire company

"Companies with a healthy mix of project types and sizes in their pipeline will fare better than those concentrated on just one sector."

Make like Canada

"Countries like Canada, which are comparable in lifestyle and facing a similar workforce shortage, are more enticing options [for migrants] because they allow simple work permits in construction, as well as a more direct route to permanent residency even without a job offer prior to emigrating.

"To grow and reskill our workforce domestically will take time and in the short term, to increase capacity, further reforms to the migration system are needed, including reducing fees, better recognition of overseas trade qualifications, and lowering English language test requirements."

Denita Wawn, Master Builders Australia

Home truths

"There's a critical shortage of housing, but we can't just flick a switch as workers need to be trained or recruited from overseas. And the residential sector competes with commercial and infrastructure, which can be more lucrative for employees. The competition could mean green projects come at the expense of residential, which will inevitably push up house prices.

"While plasterers, tilers and painters can easily transfer between sectors, for other licensed trades, such as electricians and plumbers, the differences in skills make it harder.

"We need to use the temporary visa for overseas workers more effectively. At the moment, only 11 per cent of the workforce are non-citizens, compared to 22 per cent in hospitality. Why is that?"

Geordan Murray, Executive Director Industry Policy, Housing Industry Association

Light in sight

"While there are clear challenges across the construction sector, I believe the industry has been right-sized after coming off record high levels. The economic impact of high inflation and interest rates has had a direct effect on activity in the sector, but there is light at the end of the tunnel as interest rate levels moderate. The industry has a long tail, so we can expect things to remain tight for at least another 12-18 months as activity comes back through the system.

Martin Veitch, BDO, New Zealand



Austin Blackburne

Director Technical, Hays ANZ

"Residential has been challenging over the past year," says Austin Blackburne, from Hays. "Some 2900 companies Australia-wide have gone bust. A lot of those aren't directly residential builders, but their suppliers such as roofing."

"But if you talk to the rest of the market things have been really good," Austin adds. "And at the top tier their focus is shifting from the infrastructure market to renewable energy. Renewable energy will be the new infrastructure. So, they're all trying to reskill their teams and retrain to chase that market."

"It varies from state to state with Queensland probably being the biggest beneficiary. There is plenty happening up there, but it's happening everywhere. And there are still some massive infrastructure projects in the meantime. One has just been announced this month in SA, which at \$15 billion is the single biggest piece of actual work in the country, because most projects are in stages."

According to Austin, the other area doing well is office fitouts. "Quality spaces to get people back into the office. These companies have high margins and they turnover projects really quickly. It's highly profitable and all these landlords, especially in places like Melbourne have vacancy rates of 18 per cent,

and so they're trying really hard to get people back into premium spaces."

Austin also says there are still huge shortages in certain skilled trades. "Anything to do with tunnelling is ridiculous. Operators, riggers, tunnelling project manager. There is no more severe shortage than tunnelling experience."

"Then skilled trades like boilermakers, welders, fabricators, diesel mechanics, diesel fitters are also in demand. Any maintenance roles that are a 'dirty' trade, where it can be dark and dingy to work."

But he believes that the game changer will be renewable energy projects because you need to house the workers as well. "It's not like it's in Western Sydney, it can be in the middle of nowhere," says Austin. "You've got to convince workers to go and then build housing and infrastructure around the project. And the government is under immense pressure now because it has net-zero targets to hit."

"But all these projects are going to put even more pressure on residential builders and I think for them to compete there's going to have to be a change in the housing pricing model with the government becoming involved in helping with costs."

FOUNDATIONS OF HOPE

How the industry can clear the many hurdles that lay ahead and emerge stronger than ever before.

Construction faces more than its fair share of challenges, but there's also optimism that the next few years will be a boom time for innovation, growth and resilience within the industry.

It'll also see a newly upskilled workforce embracing artificial intelligence and a net-zero mentality as it builds desperately needed homes and world-class infrastructure to serve businesses and families.

But that doesn't mean it'll be a walk in the park. To fulfil the immense potential to create a better Australia, the industry will also have to adapt in a way it never has done before.

Here's what the next few years is likely to bring:

Steady as she goes

Subdued economic growth is forecast over the next couple of years with largely full employment and nominal wages growth.

Construction will outpace most sectors by delivering a healthy annual growth of 2.8 per cent over the next three years.

And while inflation may still be putting upward pressure on interest rates, most economists are tentatively tipping a gradual decline to within the target rate of one to two per cent in 2025 or 2026, further easing construction labour and material costs.

With [interest rates](#) now unlikely to fall until 2025, the recent rises in house prices may soften, but demand for new houses will remain sky high due to population growth and widespread shortages.

A building utopia

The perfect storm of the housing crisis, population growth, civic expansion and targeting of net-zero means the nation's skilled trades are going to be busier than ever. Houses need to be built and the green energy sector needs buildings to house it.

The Australian Federal Government has pledged significant infrastructure spending amounting to more than AU\$120 billion over the next decade, particularly in transportation, renewable energy, and social infrastructure. As at the 2024-25 Budget, it has committed \$96.5 billion towards nation building projects in the Infrastructure Investment Program.

"To fulfil the immense potential to create a better Australia, the industry will also have to adapt as never before."

Top five [infrastructure](#) projects in Australia

1.

Sydney Metro City and Southwest, NSW, \$20.5b

With four metro lines, 46 stations, and 113km of new rail, Sydney Metro is Australia's biggest infrastructure project and due for completion in 2026.

2.

Suburban Rail Loop, Victoria, \$125b

The project is divided into four main sections and will provide 90km of rail linking every major train service from the Frankston Line to the Werribee Line via Melbourne Airport.

3.

Melbourne Metro Tunnel, Victoria, \$12.58b

Expected to be completed next year, the Metro Tunnel will carry more than half a million additional passengers per week with an end-to-end rail line from Sunbury in the west to Cranbourne/Pakenham in the southeast.

4.

Melbourne to Brisbane Inland Rail, National, \$31b

Linking the state capitals via 1700 km of heavy freight rail, the project will deliver goods faster and more safely while slashing road congestion and carbon emissions.

5.

Western Sydney Airport, \$11b

A vast project encompassing new road and rail links and boosting long-term employment opportunities in the region.

On top of those, the 2032 Brisbane Olympic Games involves a [\\$7.1 billion](#) outlay on new and updated venues – a figure that could rise as the city's construction prices have just [overtaken Perth's](#) to become the highest in the country.

More affordable homes

Government initiatives to address housing affordability will have an increasing impact on residential development priorities.

In June the NSW government [announced](#) additional measures to tackle bottlenecks delaying construction including a financing guarantee pilot to make housing projects more viable.

Meanwhile, [the deadline](#) to supply documentation for HomeBuilder Grants has been extended to the end of June 2025.

Climate change adaptation

The rest of this decade will witness a hive of activity on multiple construction fronts.

Innovation

Many Australian universities are at the forefront of the green revolution, developing low carbon solutions across major industries. One recent example is a range of [energy-efficient bricks](#) developed

by RMIT University that feature enhanced thermal efficiencies.

Queensland University of Technology, meanwhile, recently launched [masters' degrees](#) in renewable energy and [sustainable infrastructure](#).

Battery storage

One of the fastest-growing areas in green construction is the battery storage needed to support solar and wind plants. Dozens of [storage systems](#) are in the pipeline, with contractors breaking ground on the first one at Tongala, Victoria in June this year.

Elsewhere, Origin Energy recently announced plans for Queensland's biggest battery storage system, a 2 GWh plant west of Dalby.

The \$523 million National Battery Strategy is an ambitious plan to secure our green energy future and make Australia a globally-competitive renewable energy superpower.

The [government](#) claims it will "build knowledge and skills to create secure new Australian-made jobs."

There's even a [Big Battery Storage Map of Australia](#).

"Nationally, it's estimated that constructing and running the emerging [battery storage industry](#) will support **24,700 jobs** and add **\$7.4 billion** to the economy."

How workers can flick the green switch

While both white and blue collar roles can, on paper, successfully transition into green construction, industry insiders say it's those

with previous sustainable construction experience, including [environment consultants](#), who are currently more likely to take on roles as they come up.

But as Australia moves toward more eco-friendly building practices, green experts will continue to be required to ensure projects are meeting the raft of new and evolving sustainability standards. It's those workers who have invested in the future via comprehensive education and training programs who will ensure they have the sought-after knowledge, skills and certifications necessary to achieve employment success in zero-carbon initiatives.

These pathways include:

- The Green Building Council Australia (GBCA) offers a [Climate Active Carbon Neutral certification](#) as part of its Green Star submission process. Additionally, the [Green Star Performance rating](#)

[tool](#) covers nine categories, including management, indoor environment quality, energy, transport, water, materials, land use and ecology.

- The National Australian Built Environment Rating System (NABERS) provides a pathway to attain Climate Active Carbon Neutral certification through its [training hub](#).
- Universities also offer valuable programs, such as the University of Queensland's highly regarded [UQ Carbon Literacy Program](#).

BUILDING THE FUTURE TOGETHER

Contact Hays today to start planning for the future of construction. We have expert consultants who can discuss your business and staffing needs. The construction industry is being transformed at a bewildering pace and we're here to help you navigate the future and stay up to date with valuable insights into market and employment trends, as well as the latest news.

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