

Australia moves further away from National Housing Accord target

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New industry forecasts released by Master Builders Australia show the country has moved further away from achieving the National Housing Accord target of 1.2 million new homes.

Five months after the first forecasts covering the full five-year Accord period, Australia is projected to increase its housing shortfall from 112,000 to over 166,000 homes.

From 1 July 2024 until 30 June 2029, Master Builders forecasts 1,034,000 new home starts, 13.8 per cent lower than the Accord target.

CEO Denita Wawn said new home building started the Accord period from its weakest position in a decade.

“The downgrade in our April forecasts is off the back of a prolonged battle to curb inflation, persistently high interest rates and continued constraints on the supply side of the residential building market.

“We are expecting the market to gradually recover over the next few years as the macroeconomic conditions improve, but more work is needed to address the housing shortfall.

“Federal, state and territory governments have acknowledged the challenges around planning, workforce and productivity, but we aren't seeing enough flow through on the ground.

“Productivity in the industry has fallen 18 per cent over the last decade. It's clear that state governments need to expedite the rollout of planning reforms to reduce the high costs and time it takes to build.

“Workforce shortages continue to be the biggest challenge for the industry across all sectors.

“At the Federal level, the Government's priority should be growing the building and construction workforce. This must include a mix of domestic and skilled migration workers.

“Domestically, we cannot fill this gap. We need to think outside of the box with better apprenticeship incentives, reskilling migrants already in Australia, and a targeted international campaign to bring in skilled tradies.

“The performance of higher density building will be crucial to meeting the target and combating the housing and rental crisis.

“Build times for these projects have blown out since the pandemic by around 20 per cent from approval to completion and costs have risen by around 40 per cent.

“Inflation is a capacity killer. Governments must speed up efforts to address these supply bottlenecks,” Ms Wawn said.

In some good news, the non-residential and civil sectors of the industry continue to expand and are helping to keep economic growth in positive territory.

Non-residential building activity should fair quite well over the next five years, increasing by 7.3 per cent over the five years to June 2024.

The civil construction sector is forecast to expand by 8.5 per cent, largely driven by transport and utilities construction activity.

Ms Wawn added: “Continued investment and support in the whole built environment is important.

“We can't build the homes we need without the appropriate commercial and civil infrastructure to support it. This includes critical infrastructure such as utilities.

“Builders are up to the challenge to reach these targets but the barriers on the road need to be cleared to get the job done,” Ms Wawn concluded.

Media contact: Dee Zegarac, National Director, Media & Public Affairs
0400 493 071 | dee.zegarac@masterbuilders.com.au

[A copy of the national forecast report can be found here.](#)

[State and territory forecasts can be found here.](#)

Master Builders Australia forecasts of total new dwelling starts for Australia to 2028-29

2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28	2028-29
206,127	173,967	161,672	180,252	197,055	212,654	223,437	220,564
-3.4%	-15.6%	-7.1%	+11.5%	+9.3%	+7.9%	+5.1%	-1.3%

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

