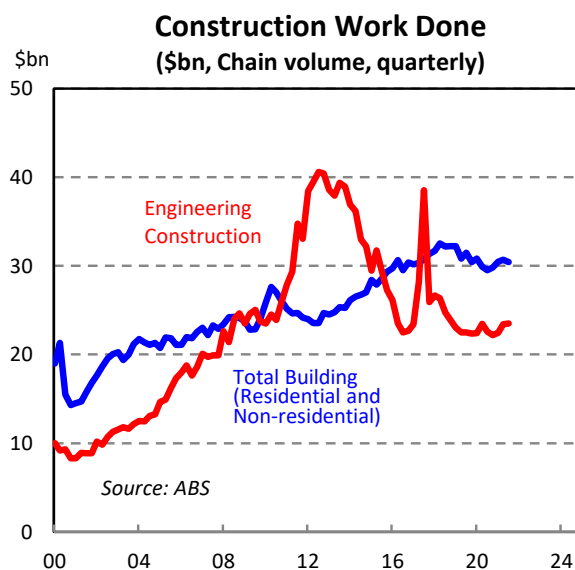
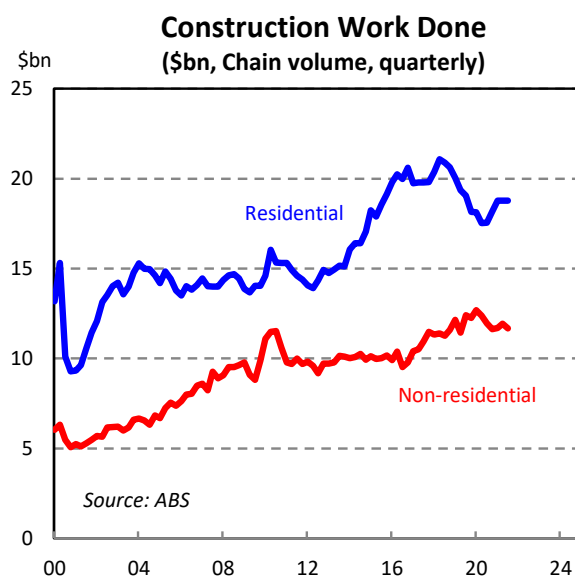


Wednesday, 24 November 2021

Construction Work Done

Construction Relatively Unscathed by Delta

- The construction sector was resilient throughout the Delta lockdowns during the September quarter. This was despite stringent restrictions in NSW and Victoria, which included a two-week construction shutdown in NSW.
- Construction work was down just 0.3% over the September quarter, following a revised 2.2% gain in the June quarter. The annual pace rose to 3.5% - the fastest in 3.5 years.
- Private-sector residential building work rose by 0.1%, driven by an increase in new private sector house construction of 3.3%. This growth was spurred by the robust pipeline of work from strong housing demand and policy incentives such as the HomeBuilder program. New private sector house construction was 17.2% above pre-pandemic levels.
- Other residential construction (e.g. apartments and townhouses) was down 7.7% over the quarter and has been steadily declining since its peak in the June quarter of 2018.
- Renovation activity remained strong, growing by 6.0% in the September quarter. Lockdowns across the two largest states and limits on movement and travel may have encouraged more people to stay indoors and renovate their home.
- The construction sector is being supported by a robust pipeline of work in the home building space. Additionally, governments have committed to increased spending on infrastructure projects as part of the fiscal policy response to the pandemic. This will support construction work as the economy recovers.



The construction sector was resilient throughout the Delta lockdowns during the September quarter of 2021. This was despite stringent restrictions in NSW and Victoria, which included a two-week construction shutdown in NSW.

Construction work done was down just 0.3% over the September quarter, following a revised 2.2% gain in the June quarter. In annual terms, growth lifted from 1.4% in the June quarter to 3.5% in the September quarter - the fastest pace in 3.5 years.

Private sector residential building work rose by 0.1%. Within this category, new private sector house construction continued to expand, up 3.3% over the quarter, to be 19.5% higher over the year. This is the fourth consecutive quarterly increase and reflects the robust pipeline of new house construction work following strong housing demand and policy incentives such as the HomeBuilder program. New private sector house construction work was 17.2% above pre-pandemic levels as of the December quarter of 2019.

Other residential construction (e.g. apartments and townhouses) was down 7.7% over the quarter, to be 13.8% lower over the year. Other residential construction has been steadily declining since its peak in the June quarter of 2018 and is down almost 37% from the peak.

Renovation activity remained strong, growing by 6.0% over the September quarter. Lockdowns across the two largest states and limits on movement and travel may have encouraged more people to stay indoors and renovate their home.

Private sector non-residential building work and engineering construction also rose over the quarter, up 1.4% and 0.5%, respectively.

Public construction was down 2.7% over the quarter. The weakness was driven by a fall in public building work (down 9.7%), which was partly offset by a 0.5% gain in public engineering construction. Despite the fall over the quarter, there is a solid pipeline of public infrastructure projects to be completed following a strong fiscal stimulus response from the Federal and state governments. This pipeline will support public construction work over 2022.

By state and territory

Construction was weakest in the ACT (-15.5%), NSW (-8.1%) and WA (-3.2%) in the quarter. NSW was subject to lockdown restrictions over the entire quarter and the construction industry was shutdown for a two-week period. Unexpectedly, construction rose in Victoria (5.8%), despite the state also being subject to Delta-related restrictions during the quarter. Other areas of the country reported increases in construction work, from 0.4% in SA to 11.4% in the NT.

Outlook

The construction sector has remained resilient during the Delta outbreak. The sector will continue to be supported by a robust pipeline of work in the home building space, following a strong response to policies such as HomeBuilder. Additionally, governments have committed to increased spending on infrastructure projects as part of the fiscal policy response to the pandemic. This will support construction work as the economy recovers, particularly engineering construction.

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