

FINANCIAL REVIEW

WA home building loads up on scarce skills



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Shane Wormall needs staff urgently. His WA civil contracting firm, which prepares virgin land for housing development, is run off its feet in a rush that has been supercharged by the highest stimulus payments in Australia and he is scouring the country for more people.

Mr Wormall, who says his family-owned business is twice the size of its nearest competitor, already has 28 so-called underground crews of excavators, front-end loaders and workers who lay pipes in trenches. But he has advertising for workers – his 300-strong company needs up to 30 more – and is offering to fly them to Perth and put them up for six months.



'We need more skilled people and they just don't exist': Shane Wormall on site at a development site in Byford, a suburb on Perth's southern outskirts. Trevor Collens

"We've been awarded, since June 4, more than 70 residential estates to develop; to construct and deliver to the point where they can title lots by 31 December," Mr Wormall said.

"That's over 2000 residential lots. We could do with 20 to 30 final trim [experienced] operators [who can dig trenches to line, grade and level]. We need more skilled people and they just don't exist."

The cycles are turning again in Australia's highly regionalised home building markets and, as figures out on Wednesday showed, the heat is coming out of migration-reliant Melbourne and Sydney. The value of residential construction in Victoria dropped 2.5 per cent in the year to June and sank 20 per cent in NSW.

It dropped in WA, too, but in an industry where sales lead construction by up to 12 months, operators such as Mr Wormall's company see activity picking up. Pent-up demand in a market that has contracted for the past 17 quarters is being accelerated by [the federal government's HomeBuilder grant and the McGowan government's stimulus](#).

ASX-listed [Stockland this week said](#) it sold more new homes in WA in the June quarter than in any other state, with the total leaping to 486 from 152 in March.

"As a first-home buyer in WA at the moment, you qualify for \$55,000 of grants plus stamp duty savings," Stockland's residential boss Andrew Whitson said.

"That totals up to about \$69,000 of total savings. That's been a real catalyst for that market to respond. And with the way the state government has dealt with the pandemic, the easing of the lockdowns, there's confidence returning to WA."

Rich Lister and Perth-based developer [Nigel Satterley earlier this month said "no-one was prepared" for WA's spike in activity](#) after five tough years.

The Reserve Bank of Australia sees it, too.

"New housing sales were more buoyant, supported in part by the national HomeBuilder program and, in the case of Western Australia, substantial state grants for new dwelling construction," [minutes of the central bank's rate-setting meeting this month](#) show.

Not everyone thinks WA home building is going to surge, however. On Wednesday, CBA economist Gareth Aird predicted new housing starts in WA of 15,000 this year and next, unchanged from 2019.

"I'd still be cautious about thinking there's going to be a material lift in new construction in WA," Mr Aird said.

"The border is closed. The only new demand you're going to get in terms of higher demand is what your natural increase in population is, which is not a lot."

And therein lie the risks of this sudden ramp-up in demand. Mr Wormall, who said the \$30-an-hour rate for final trim operators had already jumped as high as \$40, is concerned.

"The biggest fear in WA is what's going to come on the end of this? Is it a cliff face or a soft landing?" he said.

The industry is hoping for a soft landing. In its latest forecasts, the Housing Industry Association predicted detached home commencements in WA to jump 23.7 per cent to 13,320 this year from 10,768 last year before slipping back to 12,581 in 2022.