Escalation in Conversation:
The Housing Edition

Webinar Q&A

How much of the facilities management (FM) labour force could be absorbed by the construction industry trying to meet the housing accord?

The expected number of additional workers needed to meet the Housing Accord targets is estimated to be 90,000. The total allocation for skilled migration is 185,000 per annum for all classes, with over 500 occupations included in the skilled migration category. Of these, around a dozen are related to the construction industry, conservatively estimating that approximately 5,000 workers from skilled migration could be allocated to construction roles.

This allocation would still leave a shortfall of 85,000 workers in the first year. If we were to address this shortfall solely through skilled migration, it would take up to 18 years to meet the demand, assuming all 5,000 workers remain in the country and in the industry for the full term.

The FM industry (maintenance) employs over 200,000 people. Many of these workers, such as cleaners, may not have portable skill sets applicable to construction. However, even ignoring this fact, transitioning 85,000 workers would represent over 40% of the FM workforce. While not all FM workers would want to transfer industries, the significant demand and higher wages in the construction sector could attract a substantial number of workers.

Using the theory of scarcity, it is expected that construction wages will rise, leading to an increase in the Wage Price Index (WPI). This increase will impact the FM market more significantly than the construction market until the labour shortage issue is resolved.

From a cost perspective, what are some strategies that could be implemented in residential building to decrease the build cost which will allow dwellings to be sold at a lower price point?

For larger residential projects, finding the planning efficiencies (GBA/unit ratios) is crucial as the more built form you create, the more cost is added. Additionally, standardisation, economies of scale, and being flexible to what is working in the market at the moment are all possible avenues of cost reduction.

How do you think the government can incentivise institutional investment into residential property, similar to the established Build-to-rent sector in the United States?

It is crucial to recognise Build-to-Rent (BTR) as a stable and attractive asset class. The Australian Government has taken steps towards the sector with several tax incentives currently in place, such as land tax incentives and capital works deduction incentives for example. Additional opportunities include creating financial models with public-private partnerships.