



WEBINAR

Overcoming constraints on Australia's housing construction



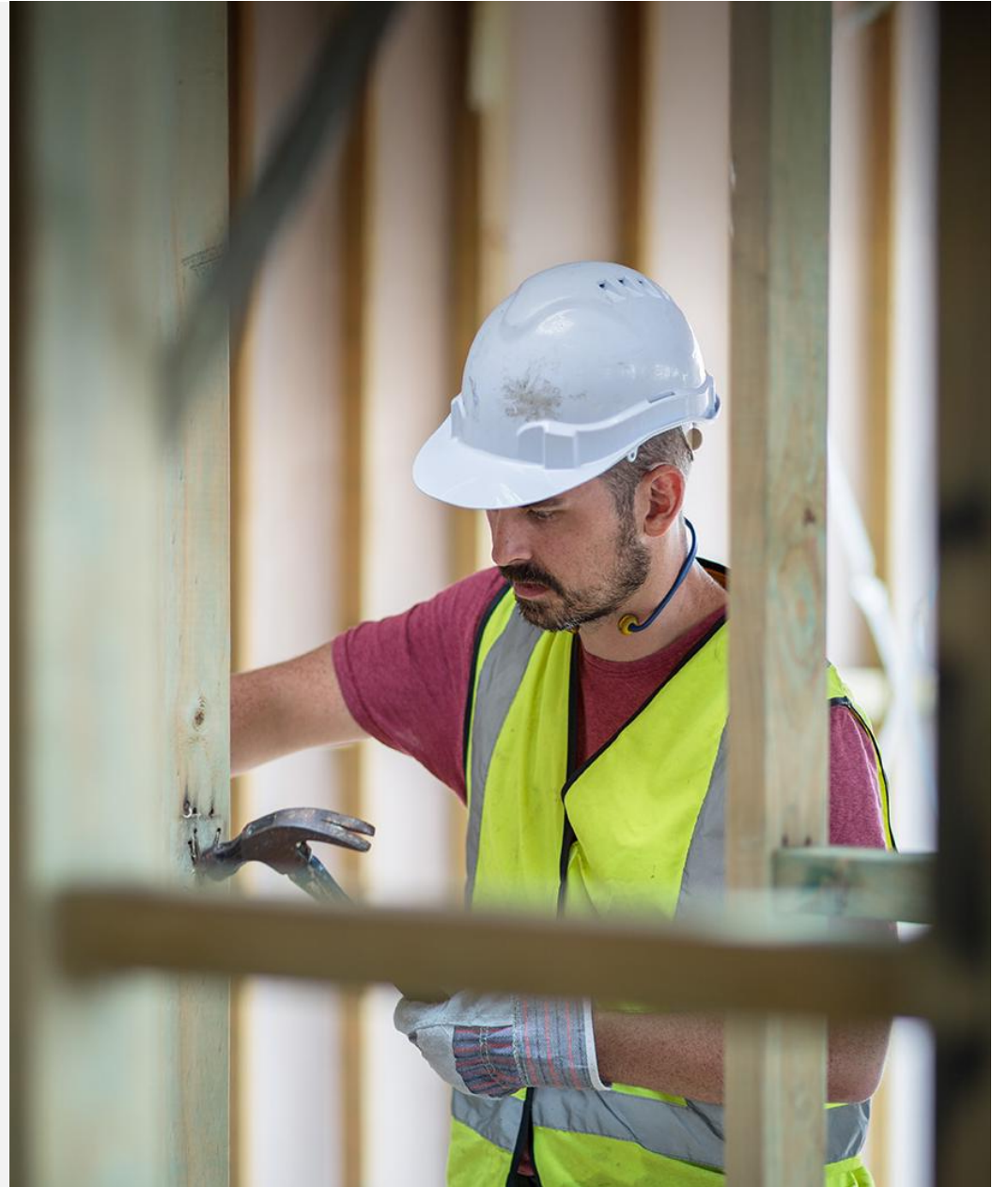
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Acknowledgement of Country

AHURI acknowledges the Traditional Custodians of Country throughout our nation, and we pay our respect to Elders past and present.

We acknowledge Aboriginal and Torres Strait Islander peoples' connections to land, sea and community, and respect their cultural, spiritual and educational practices.

The Australian Housing and Urban Research Institute (AHURI)

AHURI is a national independent research network dedicated exclusively to housing, homelessness, cities and related urban research.

Our research supports policy development at all levels of government, assists industry and informs the broader community.

Research partners:



Australian Homelessness Conference 2026

Disrupting the narrative

Darwin Convention Centre
7-8 October, 2026

Early Bird
ends 30 June
Save up to \$200



Overcoming construction constraints for the supply of new detached and high-rise housing

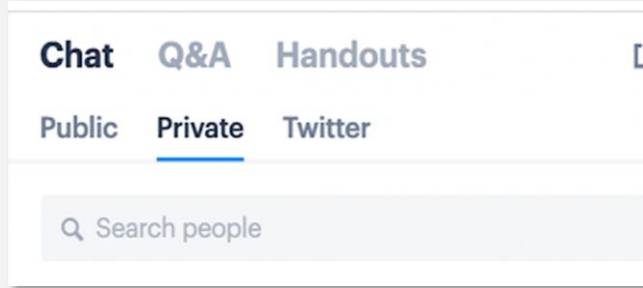
View the research in the handouts.

Authors

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Chat function



- The chat function can be found on the right-hand side of the presentation
 - Use Chat to share your thoughts with other participants
 - Use Q&A to post any questions
- Test it out by letting us know in the Chat what Lands you are joining us from today

Overcoming constraints on Australia's housing construction

Inquiry

Lead author: Ass. Prof. Andrea Sharam, RMIT

Systems-of systems approach

Project A

International Innovation

Lead author: Prof. Andrew Beer, Adelaide Uni.

Project B

Detached Housing

Lead author: Prof. Ehsan Gharaie, RMIT

Project C

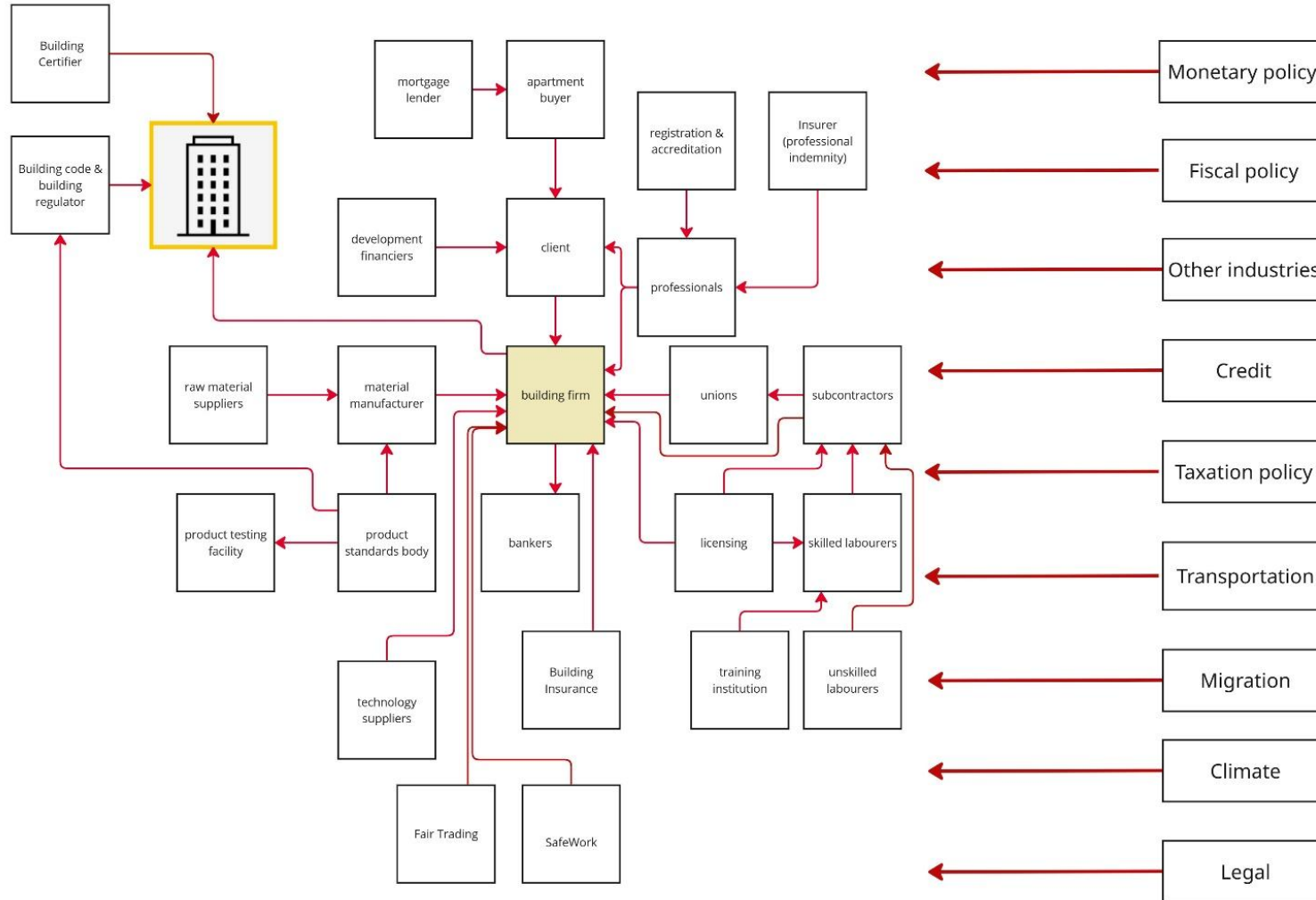
Apartments

Lead author: Prof. Lee, UNSW

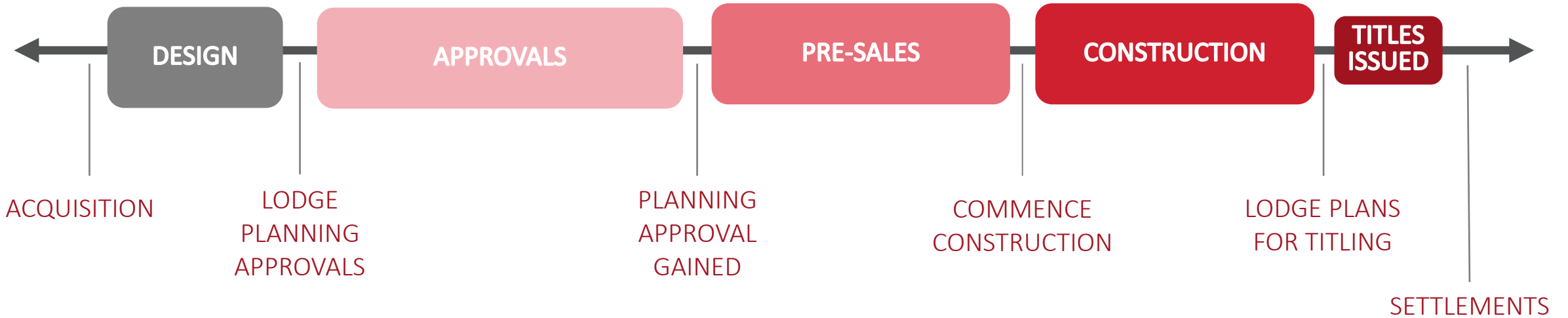
Methods

- Literature reviews
- Interviews
- Stakeholder workshops
- Hybrid systems / agent-based modelling
- AHURI Panel

Not an industry, but many industries



Construction vs Development



Key finding: Market volatility is the most significant constraint

Demand driven production & backlogs

- Construction is largely a process involving sequential tasks
- Tasks are scheduled but delays cause queues for subsequent tasks
- A short delay in a preceding task can cause longer delays in subsequent tasks
- Delays mean a backlog of WIP occurs
- Extensive subcontracting creates challenges for scheduling
- Customisation increases the complexity
- Sales driven production is inherently inefficient
- Scheduling is more difficult in booms as there is competition for scarce construction resources/taking on too much work
- Our modelling indicates that additional construction resources will not overcome the problems created by market volatility, but that stabilising demand would improve output

Key finding: Market volatility is the most significant constraint

Booms

- Extended completion times, backlogs
- Supply chain pressures, labour shortages = cost inflation
- Entry of marginal operators and under-skilled workers
- Additional pressure to cut corners
- Heightened risk of insolvency b/c inflation, cashflow
- Detached builders take on projects for deposit/cashflow without starting
- Builders too busy for innovation/change

Key finding: Market volatility is the most significant constraint

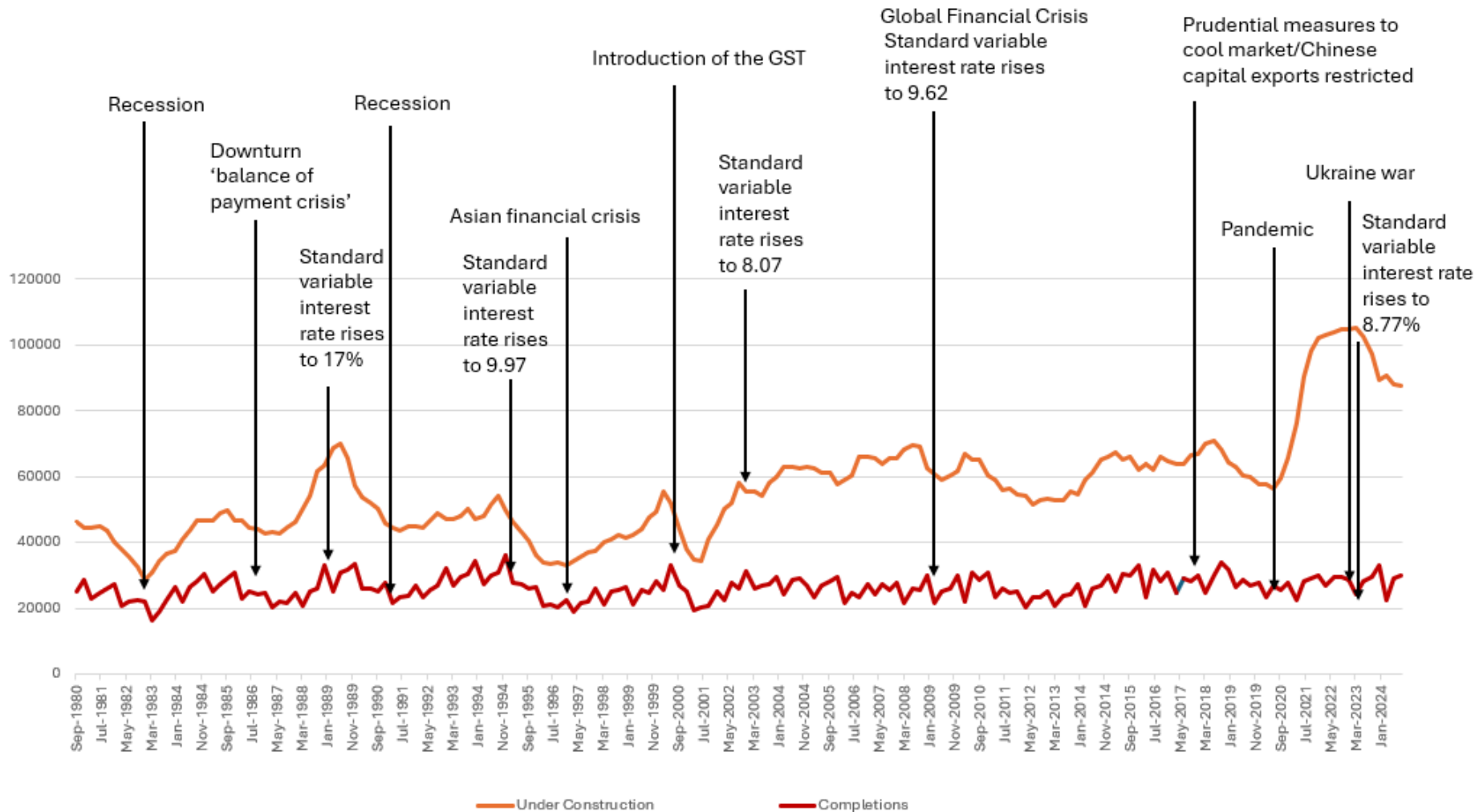
Busts

- High risk of insolvency b/c lack of cashflow/projects
- Firm exits
- Under- and un-employment, workers exit the industry
- Lack of capacity for builders to pursue innovation/change

Downturns do not necessarily provide opportunity to fully clear backlogs

- Less pressure in apartments as investors exit market early and come back in late
- Frequency of boom/busts means many detached builders still have a backlog when the next upswing occurs

Key finding: Stimulus measures cause booms and busts



Apartments

- Completion times blow out during booms
- Production lifts dramatically in response to demand – larger firms
- Unlike detached where there is limited capacity to lift production, apartment development can do it, if demand exists
- This suggests the fragmentation of the detached sector and the high proportion of SMEs is part of the problem

Apartments have other problems...

- Lack of early design resolution increases construction time, costs and defects and creates liabilities
- Developers trade off construction efficiencies available through ECI against the risk of a downturn occurring between planning approval and construction start

Building regulation

- The construction 'iron triangle': cost, time and quality need to be balanced
- Inadequate regulatory enforcement, and a poor QA culture
- Quality is sacrificed to ensure the margin is achieved (builder margins are very low, D&C transfers all the risk to the builder)
- Good builders are undermined by bad builders
- Code enforcement would likely shakeout the industry, and encourage direct employment/tight alliancing, & would help build the size, profitability and capability of firms

Solutions

Firm and industry restructuring

- Size, profitability and capacity of firms needs to grow
- Stable market: de-financialise housing and delink it from the broader economy
 - Social housing/non-market housing as a stability mechanism
- Enforcement of the building code
- Standardisation
- Shift from contract markets to build-then-sell
- Apartment tenure segregation

Final thoughts

Willingness to change?

- Builders recognise market volatility is highly problematic and the cause of huge inefficiencies
- But is there will to change?
 - Builders want to be more profitable
 - But larger builders make enough money that there is inertia
 - Smaller builders lack agency
 - Booms deliver high RoI for developers and financiers
- Opportunism - planning 'reform', tax reduction
- Leadership?
- Government: 3-4 decades of financialisation have created the political cleavages

Thank you