

MEDIA RELEASE

FOR IMMEDIATE RELEASE

BOWENS CONFIDENT STABILITY WILL RETURN TO VICTORIAN CONSTRUCTION AS INCREASED BUILDING DEMAND AFFECTS CURRENT SUPPLY

Keeping Victorian builders informed, [Bowens](#), a fourth-generation and family-owned building supplier, the Housing Industry Association (HIA) and Master Builders Association of Victoria (MBAV) have come together in the [Responding to Challenges for the Building Industry Webinar](#) on Wednesday 20 October. The industry leaders delivered expert insight into the challenges facing Victorian builders, while offering informed predictions for eased pressure on the local industry into the new year.

In the face of global price increases for supplies and a concurrent increase in construction across the country, [Bowens](#) told builders that demand will stabilise, resulting in adequate supply for those projects, giving builders the confidence to plan for the future.

Around the world, governments have attempted to stimulate COVID-19 hit economies by driving construction industry growth. Locally, the Morrison Government rolled out the HomeBuilder scheme, which proved more popular than originally predicted. As of January 2021, over 75,000 applications for the grant had been received nationwide. For Victoria-based Bowens, the state led the way with 21,525 grant applications, which included additions and alterations work, submitted before it's closure in March 2021.

With around 43,000 new home builds in Victoria expected to have commenced in the 2020/21 financial year, according to [Housing Industry Association](#) (HIA), the question is no longer whether Victorian builders will have work, but what they will be working with.

Managing Director of Bowens, [John Bowen](#), says "What appears to be a lack of supply for building materials, is actually just an exponential increase in demand. Victorian construction has seen significant growth since 2020, with demand consistently outstripping supply. While Australia imports around 20% of its pine framing requirements, in normal times Bowens procures less than 10% of its needs from overseas. Across Australia Engineered Wood Products, such as LVL; however, rely more heavily on North American and European production - over 60% of total volumes in some markets. Bowens is again fortunate to have supply agreements for the great majority of its engineered beams sourced from Australian mills. Even so, it still leans on imports to meet customer requirements through periods of high demand.

"With such pressures on supply there have been adjustments in price. Between 2006 and 2020, pine framing prices rose approximately 25% but over the last year alone we have seen a 35% increase. To the best of our knowledge, we do not see another price increase on the horizon. If anything changes, we let our customers know immediately.

"Shipping container costs have also increased, rising from \$1,500 USD to over \$11,000 USD out of Europe and \$15,000 USD out of China. Even when materials are available, we are seeing containers sitting at the Port of Singapore for 6-8 weeks before travelling to Australia, which had traditionally been less than a fortnight for materials coming from Europe.

"We acknowledge the pressure this puts on our builders and their teams but are confident we will see an easing in the flow of containers as we approach Christmas. Regardless, our priority remains unchanged – we will continue to provide outstanding service to all our customers. We will work through this together and deliver updates as we know more. Reach out to an account manager at Bowens to see how we can best support you." Bowen says.

Price increases globally have mirrored the increased demand, however both Bowens and HIA are predicting a plateau in growth and correlated price rises into 2022. Given the Morrison Government HomeBuilder grants have ceased, large scale renovations and new home build starts are likely to slow down.

Executive Director Housing Industry Association Victoria, Fiona Nield, says “While the building industry in Victoria faces ongoing COVID-19 restrictions it continues to prove it’s resilience, adapting to the implemented COVID marshals, capacity restrictions and vaccination requirements. The recent construction closure put over 30,000 home building and renovation projects on hold, resulting in additional pressure on builders and their teams.

“The recently announced reopening of renovations in occupied homes ahead of schedule will provide a much needed boost to the residential building industry and help many families who have been waiting for their home renovations projects to either commence or resume.

“HIA has proposed a plan to the government that should inform other elements of reopening the industry, central to which is allowing builders and trades more flexibility to move between jobs and better arrangements so builders can hand over finished homes to their clients. In addition HIA has proposed the reopening of display homes in a COVIDSafe way as soon as possible. These would alleviate significant pressures on the industry and see a return to increased work output,” concludes Nield.

While the reopening of the industry is a great sign for builders and their clients, the overall demand of building supplies and correlated increased prices will remain until new home builds and international shipping delays subside. Due to related delays in project start dates as builders await supplies, they are reminded to review their customer contracts in order to avoid compromising profits as price increases may not be accounted for in set-price contracts.

Associate Legal Counsel & Legal Manager of MBAV, Monique Burns, says “Clear communication and transparency between builders and their clients is vital whilst navigating these circumstances. Domestic building is a heavily regulated industry in Victoria and strict compliance is required by builders. However, there may be some options which could be explored to assist builders in progressing with existing contracts. Similarly, builders are encouraged to seek legal advice prior to entering any new contracts.”

Bowens reassures their builders that industry support through high quality products and customer service remain their number one priority. Bowens builders are reminded to touch base with their account manager to see how they can support them and source alternative materials as necessary. Bowens online store is also accessible 24/7 at bowens.com.au.

Despite ongoing industry challenges and a hugely growing market, Bowens will continue to help all Australians build better.

-Ends -

For more information please contact thrive pr:

Christy LaPlante
E: christy.laplante@thrivepr.com.au
M: 0439 246 489

Tess McDonald
E: tess.mcdonald@thrivepr.com.au
M: 0430 766 401

About Bowens

Bowens is a fourth-generation, family-owned Australian business supplying the largest variety of quality building supplies in the country for over 127 years. Bowens supports all trade customers with industry trained, experienced sales representatives helping with onsite advice and product support, ensuring no down time occurs and that materials arrive on time and in full. In addition to delivery and click + collect services, Bowens operates across 16 stores throughout Melbourne and regional Victoria. For more information visit [bowens.com.au](https://www.bowens.com.au).