

The West Australian

BGC halts all new home builds to concentrate on finishing the homes of existing customers, jobs to go

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WA's biggest home builder stopped signing on any new customers on the same day a national report warned Perth faces the biggest housing shortage in Australia over the next five years.

BGC Housing Group announced on Monday it was halting all new sales so it could concentrate on completing the stalled construction of almost 4000 existing home builds.

The drastic decision has impacted nearly 100 positions at the company. The number of staff to lose their jobs will depend on how many can be successfully redeployed in other parts of the group.

The move coincided with the release of a national report that foreshadowed Perth's housing shortage could stretch for the next decade.

The National Housing Finance and Investment Corporation report highlights a shortage of more than 25,000 homes in Perth by 2026.

Chief executive of the Real Estate Institute of WA Cath Hart said the shortage will buttress property prices but prolong the rental crisis.

"The alarming aspect of this report for us is that WA alone was identified as requiring 25,200 dwellings – nearly a quarter of the entire national shortfall even though we are only about 10 per cent of Australia's population," said Ms Hart said.

"Renters will be the most impacted and we can expect the rental crisis to worsen and in turn, put even more pressure on vulnerable West Australians and government housing."

Perth had an undersupply of 6,900 homes last year, based on its current population, the report cited.

BGC's announcement was good news for long-suffering customers, who've endured agonising waits of up to three years and in some cases longer for their homes to be

finished.

“As a result of ongoing labour shortages in the construction sector, BGC Housing Group has now made the decision it will not accept any new home sales for the foreseeable future to enable the business to direct all its resources to completing builds for existing customers,” the company announced.

In February, The West Australian revealed that the company had slammed the brakes on new sales “to absolute minimum levels”.

Building companies in WA have been buckling under extreme economic pressures for the past two years due to escalating costs of materials linked to the pandemic-related supply chain issues, as well as a dire shortage of skilled tradespeople and an over-stimulated market due to government grants.

More than 100 local firms have gone into liquidation.

BGC executive general manager Michael Bartier said the company’s sales halt would be reviewed when the availability of labour improves.

He said a decision on recommencing sales would be based on market conditions.

“This decision, effective immediately, will allow us to focus all our resources entirely on existing customers – many of whom we know have experienced frustrating delays,” Mr Bartier said.

BGC said the decision would impact jobs in the company’s sales and administration departments.

BGC Housing Group includes several big brands – Aussie Living Homes, Homestart, Smart Homes for Living, Now Living, Terrace and Ventura South West.

Master Builders Association (WA) executive director John Gelavis said he was shocked by the move, but said it was understandable given the challenges the company faced.

“I’m not aware of any other builder that is stopping their sales,” Mr Gelavis said.

“I think what is prevalent for the industry at the moment is the sales side is slowing. I see some builders out there actually starting to promote their businesses again, trying to attract front-end sales.”

Mr Gelavis said the industry was getting back to a “more normalised construction cycle”.

“I think that if you start building a house now, it could take maybe 12 months,” he said. “I think things have eased now at the front end with bricklayers available.”

“Some builders are now offering 12-month timeframe guarantees. I think that there’s an element of confidence, depending on the builder and depending on how much work they’ve got on.”

BGC customers are just anxious to get into their homes.

Erika Steel was among those who complained loudly about the slow progress on her home at Wandi, 27km south of Perth.

She was so dismayed by the lack of progress that she handed out flyers at display home villages in February.

“I’m on the brink of financial ruin because I’m paying mortgage and rent,” she said at the time.

On Monday, Ms Steel said she remained sceptical.

“Where was their responsible approach to sales in 2020?” She asked.

BGC customer Neelprabha Margale said she signed her contract in August 2021. To date, only 15 per cent of the construction work was complete, she said.

BGC is among several WA companies impacted by another costly issue – the mass failure of polybutylene plumbing pipes, which has caused a deluge of burst pipes, resulting in flooded houses and costly repairs.

Firms are sweating hard on the outcome of an investigation by the State’s building regulator to determine whether the cause and financial liability sits with them or the manufacturer, Iplex.

Up to 500 homes have been impacted so far by the pipe issue. A support group for affected customers has 753 members that are contemplating a class action.

The Building and Energy division of the Department of Mines, Industry Regulation and Safety is investigating the failure of the piping. Iplex stopped selling its Pro-fit brand of pipes on May 31, 2022.

The regulator has stopped short of telling builders they have to strip out all piping. But that could change pending the outcome of an investigation.

“Building and Energy’s investigation is focused on determining the root cause of the pipe failures i.e. whether it is a manufacturing issue, an installation issue or a combination of both,” a spokesperson said.

“The findings of the investigation will indicate whether more of the pipes should be replaced.”