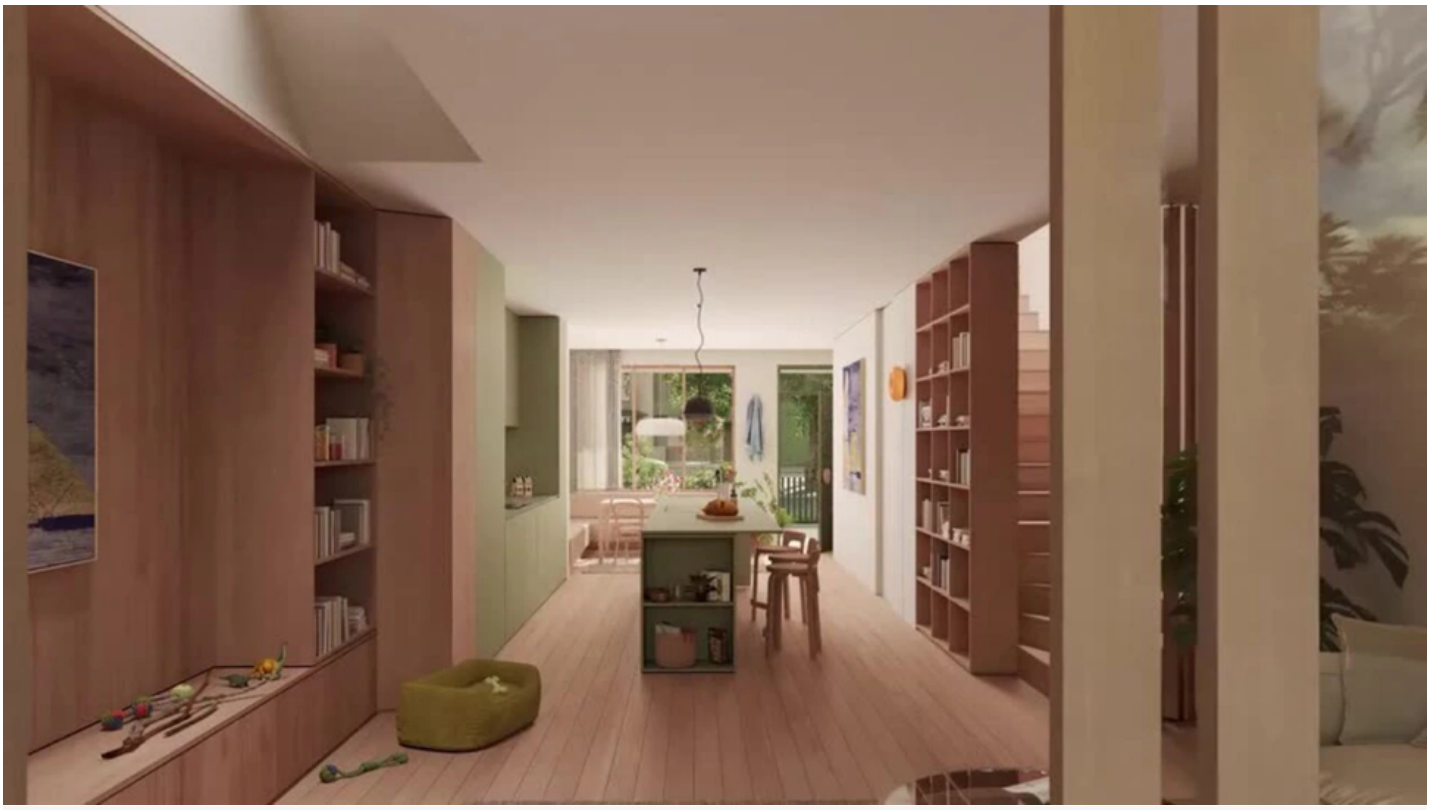
House of pain: NSW construction firms collapse at record rate

Construction firms are falling like dominoes with insolvencies almost tripling in a decade, casting doubt over NSW's plan to build hundreds of thousands of new homes as leading industry figures point the finger at high government charges.

Jake McCallum and Thomas Sargeant

4 min read July 31, 2025 - 5:00AM The Daily Telegraph



The Minns Labor Government is today launching the NSW Housing Pattern Book of low-rise designs, alongside a a world-first new Complying Development pathway, that will speed up the delivery of new homes significantly.

An expected rate cut might spell good news for first home buyers and investors planning to rush the market next month, but construction insolvency figures have sparked fears NSW will fall short of its target to build hundreds of thousands of new homes.

Construction firms once rolling in cash are now haemorrhaging funds as the number of builders shutting up shop rise to record levels, with industry leaders sounding the alarm over the impact closures could have on meeting NSW's ambitious housing numbers.

The Daily Telegraph can reveal the number of construction companies falling into liquidation in the 2024-25 financial year increased to a historic high of 1567, up from 611 in 2014-15, according to the latest data from the Australian Securities and Investments Commission (ASIC).

Industry at breaking point

Construction insolvencies per financial year

2014-15 ... 611
2015-16 ... 601
2016-17 ... 518
2017-18 ... 451
2018-19 ... 556
2019-20 ... 498
2020-21 ... 351
2021-22 ... 494
2022-23 ... 981
2023-24 ... 1409
2024-25 ... 1567

How consumers can protect themselves from construction insolvencies

- Seek out independent ratings about trustworthy builders
- Request references from previous clients and subcontractors
- Inspect the previous projects of a builder or developer

- Check the credentials of all building professionals
- Research beyond the glossy brochure for reliable information on a builder's history

Amid the insolvency rise, industry leaders fear NSW won't be able to meet its target of building 377,000 new homes by 2029 under the National Housing Accord.

But there could be good news for buyers with yesterday's inflation data convincing economists that interest rates will be cut next month.

Matt Bell, chief economist at property funds group Oliver Hume, said the latest inflation result, which was within the Reserve Bank's target range of two to three per cent, could spark an August rate cut.

He added the data was "great news for mortgage holders and home buyers", after the RBA went against expectations for a rate cut in July and instead maintained the rate at its current 3.85 per cent.

CreditorWatch chief economist Ivan Colhoun said he expected interest rates to be cut to 3.6 per cent.

Buyers agent Diane Klem-Goode described the current housing market as "limited" and "madness".

Amid the insolvency rise, industry leaders fear NSW won't be able to meet its target of building 377,000 new homes by 2029 under the National Housing Accord Picture: AAP Image/Brendan Esposito

"It is hard because there's limited stock, then you have people who have stepped back in because of the interest rate cut. There is a lot of competition," she said.

"Even though the rate has come down, the prices have gone up more."

Currently in the process of helping her daughter find her first home, she said she was juggling being a professional and a parent.

“You obviously want what is best for your kid,” she said.

“As a parent, it is an emotional purchase. As a professional, we need more stock.”

But Urban Development Institute of Australia NSW boss Stuart Ayres, a former NSW Government minister, said there were real fears the construction industry could flatline.

“The rapid escalation of costs for construction businesses has put many construction businesses under pressure and seen an increasing number forced into liquidation,” Mr Ayres said.

“Developers can’t deliver the housing we need without competitive construction businesses to do the building work.

“Taxes, compliance and regulatory requirements and a shortfall of skilled labour all have cost implications for business.

“With consumers struggling to afford apartments at what it costs to construction them, builders just don’t have any margin left to absorb these costs.”

He warned that if the NSW Government continued to put all its housing eggs in the infill basket only, rather than bringing on

Urban Taskforce boss Tom Forrest told The Daily Telegraph builders were facing a “stark reality”. Picture: David Swift

more greenfield development, it would keep falling further behind its housing supply targets.

Urban Taskforce boss Tom Forrest told The Daily Telegraph builders were facing a “stark reality” as “poor productivity in the construction sector combined with labour shortages has come home to bite”.

Mr Forrest blamed government charges increasing and the CFMEU’s drive to increase labour costs as another hurdle construction firms are struggling to overcome.

“Government fees, taxes and charges have steadily risen over the last decade,” he said.

“Every time government wants to solve a problem, they increase the charges on property development which flow onto new home prices.

“The CFMEU EBAs have driven up the labour costs for the entire sector because of the lack of labour supply.

“This was caused, in part, by the Albanese Government’s failure to place construction workers on the essential worker immigration list until last year, despite this being an obvious problem.”

Owners Corporation Network policy director Karen Stiles said the impacts of homeowners footing the bill of increased costs had “been as bad as suicide, marriage breakups (and) ill health”.

Owners Corporation Network policy director Karen Stiles said the impacts of homeowners footing the bill of increased costs had “been as bad as suicide, marriage breakups (and) ill health”.

Ms Stiles said because homeowners warranty insurance was capped at $340,000, which “normally doesn’t even touch the sides of the cost of rectifying defects”, owners were left with “no safety net” for their investment.

The construction industry is leading the market in insolvencies, head of ratings at Equifax credit bureau Brad Walters said, and the numbers have increased to more than double pre-pandemic levels with consumers often left holding the bill.

Building Minister Anoulack Chanthivong said the “insolvency figures are concerning”.

“While the government can’t directly control the number of companies entering insolvency due to fluctuating market economics, we are focusing on what we are able to do, which is to strongly regulate the building industry to lift industry standards and make it as safe for purchasers as we can,” he said.

“In the NSW Government’s budget, we supercharged Building Commission NSW with $145m of funding to ensure it can continue to improve confidence in the building sector by uplifting building standards and accountability.

“This uplift in industry compliance and accountability will have a positive knock-on effect on consumer confidence, which will in turn convince more property buyers to enter or re-enter the market, bolstering companies that would otherwise have gone bust.”

More Coverage

$1 for the Aussie dream: Minns gov launches housing ‘short cut’

One thing in the way of young people’s happiness

Join the conversation

More related stories

NSW

Woman dies after being hit by car in the Blue Mountains

A woman has died after she was struck by a car in the Blue Mountains.

Read more

Mid-North Coast

Industry ‘drowning’ as lazy staff fail to show up for work

Australia's hospitality sector faces a crippling 48,000-worker shortage as business owners struggle to find reliable local staff and navigate strict visa restrictions.

Read more