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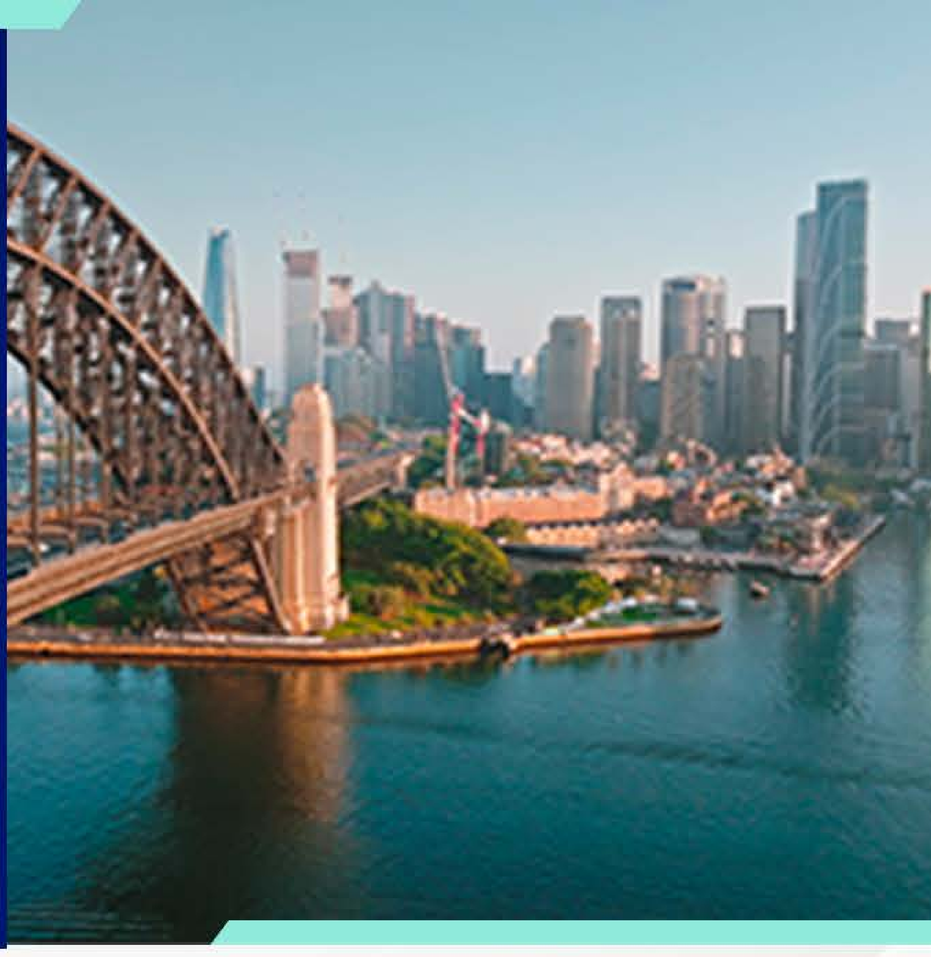
Australia's Built Environment Market in 2026: **How to Stay Ahead**



Australia's Construction and Engineering market is still operating in "two speeds" in 2026. Housing demand remains structurally strong, but delivery is constrained by feasibility, approvals-to-start conversion, and workforce capacity.

Meanwhile, Energy and Infrastructure programs continue to drive activity and intensify competition for talent, especially across regions.

Below is our view of the current market position and the key forces shaping hiring and project delivery in 2026.

Where the market is right now

1) Housing is showing early signs of a turn

One of the most encouraging indicators heading into 2026 is the lift in residential approvals. The ABS reported that in trend terms, total dwelling approvals were up **6.9% year-on-year (Dec 2025)**, with multi-unit approvals up **14.3% YoY and houses up 3.7% YoY.**

Approvals aren't the same as commencements—but they're often the first step in a broader recovery, particularly for apartments and medium-density projects where feasibility and pre-sales have been the bottleneck.

2) Interest rates are still a swing factor for confidence and feasibility

The RBA's cash rate target is **3.85% (February 2026).**

For 2026, rate direction matters less for headlines and more for what it does to:

- apartment feasibility (debt costs, buyer confidence, pre-sales),
- developer risk appetite,
- and consumer demand in price-sensitive corridors.

3) The labour market remains tight (and wages are sticky)

Australia's labour market is still relatively tight in macro terms: the ABS reported trend unemployment at **4.1% (Dec 2025).**

Wages growth has been steady: the Wage Price Index showed **3.4% annual growth (September quarter 2025).**

For employers, this keeps upward pressure on packages, particularly for "keystone" roles that protect delivery (e.g., Site Management, Project Engineering, CA/Contracts, Planning, HSE, and Estimating).

4) Construction input costs have cooled, but haven't disappeared

Cost escalation isn't behaving like the shock years, but it's not "back to normal" either. **ABS producer price data** noted house construction input prices rose in the September quarter (with materials such as timber and metals influenced by raw material costs).

In practice, that means: budgets are stabilising, but contingencies, procurement discipline, and subcontractor availability still matter.

The big themes that will shape 2026

1) Infrastructure investment is rebounding, and it will absorb talent

Infrastructure Australia's 2025 Infrastructure Market Capacity Report shows the Major Public Infrastructure Pipeline is $242 billion (FY2024–25 to FY2028–29), up year-on-year.

The same report flags workforce capacity as the critical delivery risk, projecting that shortages could rise sharply to **around 300,000 workers by 2027**, with regional areas hit hardest.

What this means in 2026:

- Contractors will remain selective in their bid strategy and contract risk.
- Project owners will push for better procurement models and earlier market engagement.
- Hiring pressure will remain strongest where infrastructure, energy, and housing overlap

2) Home building is expected to lift, but the pace depends on financing conditions

Industry forecasts anticipate improving conditions through 2026. HIA expects detached home building to strengthen across most states in 2026, with **QLD/SA/WA leading** and NSW/VIC beginning to recover after lagging earlier in the cycle. Multi-unit is also expected to "turn a corner" as feasibility improves and approved-but-not-commenced projects begin to move.

For hiring, a housing lift typically increases demand first in:

- land development + civil prep
- estimating + procurement
- project/contract administration
- then site delivery as commencements rise.

3) Skills shortages are now structural, not cyclical

Jobs and Skills Australia's shortage reporting continues to show construction as one of the most shortage-affected parts of the economy, with deep pressure across multiple occupations.

In 2026, the practical impact is simple: the "right people" are harder to find, and the cost of a bad hire is higher because replacement timeframes are longer.

4) Productivity, delivery models, and risk allocation will be a bigger board-level conversation

Industry sentiment is increasingly focused on productivity levers, such as collaboration, clearer scopes, and procurement that reduces rework and dispute risk.

Expect this to influence hiring profiles in 2026, with stronger emphasis on:

- planning and controls
- commercial capability
- stakeholder management
- leaders who can stabilise programs under delivery pressure.

What we expect by sector in 2026

Residential (houses + multi-unit)

- **Detached housing:** improving in select states, particularly where affordability and migration-driven demand are strongest.

- **Apartments/medium density:** potential recovery path through 2026 as feasibility and pricing improve, supported by the lift in approvals and forecast commentary.

- **Hiring watch-outs:** Site Managers, Foremen, Estimators, Contract Admins, Project Engineers, and high-performing Supervisors will remain highly contested.

Commercial building and fitout

Commercial work remains patchy: some asset classes are strong (health, education, logistics/industrial), while discretionary office and certain retail segments are more selective. In this environment, employers continue to prioritise candidates who can deliver safely and commercially, with minimal supervision.

Civil and Infrastructure

With a pipeline rebound, civil delivery and engineering talent stays in demand, particularly:

- civil project engineers
- supervisors/foremen
- planners and project controls
- HSE
- and commercial/contracts specialists.

Energy and transmission

The transition workstream continues to expand and overlap with infrastructure demand, increasing competition for electrical engineering, project delivery, and specialist construction capability. Infrastructure Australia's pipeline commentary highlights growth, particularly in energy-related programs alongside housing and transport.

What this means for employers in 2026

If you're building teams this year, the organisations that hire well typically do three things:

1. **Plan earlier than you think you need to:** In a tight market, "urgent" roles become expensive roles. Workforce planning aligned to program milestones reduces scramble hiring.

2. **Design offers around what the market is actually paying for:** Base salary matters, but so do project stability, leadership quality, flexibility, and a credible pipeline. With wage growth still elevated, the total value proposition needs to be clear.

3. **De-risk the hire:** Strong shortlisting, technical validation, and reference checking reduce the chance of churn mid-project—where replacement timeframes can be the highest hidden cost.

What this means for candidates in 2026

For job seekers, 2026 is still a strong market, especially if you can demonstrate delivery outcomes, not just responsibilities. The profiles that are consistently in demand are those who can:

- manage stakeholders and subcontractors under pressure,
- keep programs on track (planning, reporting, controls),
- handle commercial risk (variations, EOTs, procurement),
- and lead teams safely and confidently.

If you're considering a move this year, it's worth being strategic about project selection and employer pipeline, because program certainty is becoming a bigger differentiator.

Bottom line: 2026 is about controlled growth, not a "free-for-all"

Approvals and forecasts suggest housing conditions are improving on trend, **while infrastructure and energy programs continue to drive strong baseline demand.**

But the constraint remains the same: capacity, particularly skilled labour, will shape what gets delivered, and when.

If you want to talk through your 2026 hiring plan, or you're a candidate looking for the right next move, Design & Build Recruitment is here to help you stay ahead of the curve.

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