

The Advertiser



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Builders accuse construction material suppliers of hiking costs during housing crisis

SA's leading builders have accused construction material suppliers of exploiting the housing crisis to hike prices – and have blasted access to land supply.

Businesses must stop using South Australia's housing crisis as an excuse to hike the price of their materials, and restrictions on land supply must be slashed to fix the state's "profound" affordability issues, leading builders say.

Some of the state's biggest players in the industry have made urgent demands to address the crisis that is preventing young people achieving "the great Australian dream" of home ownership, amid soaring inflation and [climbing interest rates](#).

The state government says it will review Adelaide's 30-year plan to ensure it "provides for liveability in our city into the future".

Palumbo Group managing director Daniel Palumbo said the housing affordability crisis was "very profound" in SA.

He said [material](#) and [tradies shortages](#) and artificial price hikes were worsening the issues.

"Suppliers that don't have a real price increase need to refrain from using the crisis as an opportunity to apply increases to their products," Mr Palumbo said.

“This contributes to more companies being put in administration, is shortsighted, and could result in more unpaid bills in any case.”

Michael Hickinbotham, the managing director of the Hickinbotham Group, raised concerns about a lack of land ready for development in SA.

RBA Cash Rate	Estimated variable interest rate	Monthly Repayment Increase
0.10%	2.98%	\$0
0.35%	3.23%	\$68
0.50%	3.38%	\$109
0.75%	3.63%	\$179
1.00%	3.88%	\$250
1.25%	4.13%	\$322
1.50%	4.38%	\$395
1.75%	4.63%	\$469
2.00%	4.88%	\$545
2.25%	5.13%	\$621
2.50%	5.38%	\$698

Source: Canstar - 3/05/2022. Starting average variable rate based on owner occupier, P&I, 80% LVR loans. Monthly repayment calculations based on principal and interest repayments over a 30 year loan term.

“Land availability remains a key factor that continues to push up housing prices and impacts housing affordability for SA families,” Mr Hickinbotham said.

“We would like to see more land become available to address these issues.”

The chief executive of the Urban Development Institute of Australia’s SA branch, Pat Gerace, said the state government must take a “longer-term view” rather than “reactionary” subsidies.

“They must invest more in contemporary planning for growth ... and prioritise building better infrastructure in new and existing suburban areas to unlock more supply,” Mr Gerace said.

UDIA SA has long criticised the State Planning Commission for using inaccurate data to make “incorrect assertions about excess land supply” that is restricting new developments.

Treasurer Stephen Mullighan said the state government would build 400 new public homes and refurbish a further 350 vacant houses for future tenants.

“The state government is acutely aware that prospective first home buyers can be trapped in the cycle of increasing rents and the increase in house prices far outstripping wages growth,” Mr Mullighan said.

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In record-high growth, Adelaide’s median house value has [soared 25 per cent in just 12 months](#), rising to \$650,000.

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