



7 May 2020

The Hon Daniel Andrews
Premier of Victoria
1 Treasury Place
MELBOURNE VIC 3004

By email: Daniel.andrews@parliament.vic.gov.au

Dear Premier,

Time to Reopen Display Homes, Lands Sales Offices, Sales Suites and Open-for-Inspections

The Urban Development Institute of Australia (UDIA Victoria), Master Builders Victoria (MBV) and the Real Estate Institute of Victoria (REIV) is collaborating on numerous fronts in the face of the COVID-19 pandemic and we work to represent the interests of our members, and of the development, construction and real estate industry.

We are writing to you collectively on behalf of our joint membership of businesses, employers and government organisations operating in the building and construction, development and real estate industry, as well as the hundreds of thousands of Victorians employed in the sector.

The building and construction, development and real estate industry is a fundamental plank of the Victorian economy. It employs hundreds of thousands of Victorians and contributes to over 45% of the state's taxation revenue.

At the time of writing, the industry remains open and operational and the Victorian Government has classified building and construction sites as an essential service. We commend the Victorian Government for working with us and our members to properly implement physical distancing and hygiene measures, to keep the industry open and operating during the pandemic period.

The issue

Under current restrictions, display homes, land sales offices, sales suites and open-for-inspections can only be visited by making an appointment. This has resulted in both a material drop of 90% in visitations to display homes, land sales offices, sales suites and open-for-inspections and a decrease in excess of 50% in total new home sales in the recent month.

Further, many consumers are delaying the purchase of new homes and delaying signing building contracts, with a reported 30% fall from expected levels in contracts signed as clients put projects on hold.

Change is necessary

There are nearly 102,000 residential building businesses in Victoria, including thousands of mum-and-dad businesses. More than 70% of Master Builders' members have reported significant reductions in their pipeline of work.

As a result of limited domestic building work, we predict that the worst of the economic fallout may hit the domestic building sector from the middle of this year. The domestic building and construction



industry may essentially grind to a halt from September onwards unless stimulus is introduced now to stabilise the broader economy and provide confidence.

Further, the pipeline of major development projects is still uncertain. The establishment of the Project Fast Track Team within the Department of Land, Environment, Water and Planning is welcome, and we look forward to seeing a pipeline of projects progress through this process.

Master Builders forecast, pre-coronavirus, that in Victoria 51,413 new homes would commence next financial year. That has now been sharply downgraded to 39,944.

The financial estimate of this downgrading is:

- Residential building in 2020/21 is downgraded from \$18.95 billion to \$14.72 billion (a \$4.22 billion downgrade).
- Commercial building, the downgrade is from \$12.31 billion to \$10.27 billion (a \$2.04 billion write down).

The estimate financial hit on the state's tax revenue can be captured as follows:

Property related revenue earned \$10.76 billion for the Victorian State Government during 2018/19. We estimate that this will be reduced by at least 20% based on the figures above - equivalent to an annual drop of \$2.15 billion on the state's tax revenue.

The case for re-opening Display Homes, Land Sales Offices, Sales Suites and Open-for-Inspections

The building and construction, development and real estate industry is essential to the Victorian economy. To sustain industry activity, the purchase of new house-and-land packages, new townhouses and new apartments cannot be constrained long term without having a severe negative impact on the Victorian economy and Victorian jobs.

UDIA Victoria, Master Builders Victoria and the Real Estate Institute of Victoria are calling on the Victorian Government to immediately prioritise (from 11 May 2020) the reopening of display homes, land sales offices, sales suites and open-for-inspections.

It is critically important that these activities can return to normal while still practicing new ways of safe working including physical distancing and hygiene measures.

Industry guidelines have already been developed in collaboration with UDIA Victoria and Master Builders Victoria and other employer associations. To augment this, UDIA Victoria, Master Builders Victoria and REIV are providing additional guidance to members on the safe opening of display homes, land sales offices, sales suites and open-for-inspections to ensure this is done with all the appropriate physical distancing and hygiene measures in place. This guidance includes:

- COVID-19 induction processes
- Public signage including bollards at entrances, signs in driveways and internal signage
- Maximum numbers of people in a facility at any one time and no more than 10 people inside at any one time
- Ensuring people keep a safe distance at all times
- Make customer registration compulsory upon entry and, where possible, use a date and time-stamped digital platform



- Separated, individual sales zones within the facilities
- Added entry and exit A-frames and internal signage to reinforce physical distancing and hygiene measures
- Creating additional sales zones within the facilities
- Discrete entrance and exits to control the movement of people through the facility
- Safe hygiene practises

Call to action

We would like to work with you to reinforce the message to all Victorians that it is ok to attend sales appointments – inside and outside of homes – if physical distancing and hygiene measures are in place.

Thank You

On behalf of our membership and the broader Victorian community, we thank the Victorian Government for its support of the development, construction and real estate industry during this difficult time and for listening to industry associations including UDIA Victoria, Master Builders Victoria and the REIV, as we work night and day to maintain the employment of hundreds of thousands of Victorians working in our sector.

We look forward to working with you on this important issue and to a speedy resolution.

Sincerely,

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