

Rate rise heralds relief for architects

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The 25 basis point increase to the official cash rate made yesterday by the Reserve Bank of Australia will pave the way for positive growth for the architecture sector, according to a Queensland firm.

While firms have been forced to off-load staff and operate at a bare minimum over the past 12 months, an improved financial outlook and increased market activity is improving confidence.

The latest industry statistics from Australian Construction Market Forecast 2009/10 show that 43 per cent of Australian architects now expect an improvement in their workload in the coming year.

Queensland-based BASE Architecture director, Tim Stewart, said the rate increase will confirm Australia's earlier than expected financial recovery and boost consumer confidence in Queensland.

"We see another interest rate rise as an indication that the architecture industry can expect increased opportunities as postponed projects are now on the agenda again," Stewart said.

"The outlook was bleak earlier in the year, but we believe another official interest rate rise shows that the industry can expect positive growth for the year ahead," Stewart said.

While his Grange firm had developed a 'recession proof strategy' to combat reduced market activity in 2009, nationally one in six architects were still concerned with the survival of their firm.

"Architecture is highly sensitive to economic conditions and in the past year it has been evident that a new project is one of the first things individuals or firms put on the backburner," he said.

While market statistics showed that Queensland architects were seeing the fewest new opportunities, an improvement in the state's housing market heralds an increase in new opportunities, he said.

"The housing market is again in growth mode and therefore should minimise the risk associated with undertaking a project in a period where rates are increasing," Stewart said.

"We've already seen a steady improvement in the Queensland housing market with the previous interest rate rise and the high-end residential market is back in full swing."

Stewart's five year-old firm has spent the past year focusing on the renovations market and smaller projects to see them through difficult market conditions.

He said that the work borne out of this year's renovation focus has led them to appoint three new staff to accommodate a growing volume of projects.