

# Rising Construction Costs Drive Wide Variation in Australian Tradie Quotes

Recent ABS construction industry figures point to the drivers behind wide variation in tradie quotes, as the RBA cash rate returns to 4.35%.

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New industry data points to the key factors behind vastly different quotes from tradespeople, indicating that the cheapest option is not always a red flag.

With the [RBA cash rate](#) now back at 4.35% following three rate hikes in 2026 and household budgets under renewed pressure, Australians are scrutinising tradie quotes more closely than ever and many are finding wildly different prices for seemingly identical jobs.

Dan Kerr, CEO of [Service.com.au](#), said several legitimate business factors cause price differences, with industry data showing significant variations in operating costs across the sector.

Figures from the recent [Australian Bureau of Statistics](#) Australian Industry release (2023-24)

show the Construction industry experienced growth across all key data items, with purchases of goods and materials increasing 5.1% (\$12.3b), reflecting rising material prices, higher costs for finishing materials, and elevated freight charges.

"Customers often receive quotes that differ by thousands of dollars for seemingly identical jobs," Kerr said. "This leaves many wondering if they're being ripped off by the expensive quote or setting themselves up for disaster with the cheaper one."

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Make sure you're comparing apples with apples. Ask questions about material quality, timeframes, and what happens if additional work is needed."

*Dan Kerr, CEO, Service.com.au*



Sole traders and small operators like Flow Master Plumbing and Gas often offer the most competitive quotes thanks to lower overheads — one of the key drivers behind tradie price variation.

Kerr explained that business size plays a significant role in pricing. ABS statistics indicate

businesses with 20-199 employees saw wages rise by 7.7%, while those with 5-19 employees experienced only a 0.5% increase.

"Larger companies carry higher overheads including office space, admin staff, and marketing costs," he said. "These expenses get built into their quotes, making them typically more expensive than smaller operations."

Material quality represents another major factor in price differences. Construction data shows purchases of goods and materials across the industry rose significantly, but impact varied across different business sizes. "A good tradie specifies exactly what materials they're using in their quote," Kerr said. "Lower quotes might use standard materials while higher ones include premium products that last longer or offer better performance." The ABS data revealed the Construction services subdivision saw a significant 7.0% (\$6.7b) increase in Industry Value Added, indicating tradies successfully passed on higher costs through service fees.

Kerr pointed out that specialisation and experience levels cause natural price variations. "A tradie with 20 years of experience will charge more than someone just starting out. This premium often reflects better problem-solving skills, experience and efficiency."

"Subcontractors also influence pricing tremendously," he noted. "The data shows building installation services generated \$42.9 billion from subcontracting income alone in 2023-24." Businesses that hire subcontractors must add margin on top of those costs, while those completing all work in-house can offer more competitive rates.

According to Kerr, the cheapest quote sometimes actually represents the best value. "If you're dealing with a sole trader or small business with low overheads who does quality work, you might get a bargain."

He advised consumers to always check what's included in a quote. "Make sure you're comparing



Service.com.au connects homeowners with trusted, local tradies across Australia.



Dan Kerr, CEO of Service.com.au, advises homeowners to know their limits when it comes to DIY projects.

apples with apples. Ask questions about material quality, timeframes, and what happens if additional work is needed."

Employment across the Construction industry increased 4.8% (59,000 people) in 2023-24, while wages grew 9.1% (\$7.8b), and with cost-of-living pressures persisting through 2026, demand for skilled workers continues to put upward pressure on labour costs.

Kerr's final advice stressed the value of clarity. "The best tradies provide detailed quotes that break down costs for materials, labour, and any potential additional charges. If a quote seems too good to be true, ask what corners are being cut."

The ABS data showed total income from construction services has increased 88.4% (\$88.2b) since 2011-12, highlighting the substantial growth and changing cost structures within the industry over the past decade.

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