

Is the party over? Prospects for economic growth in Australia in times of uncertainty.

Nicki Hutley¹

1 Urbis

Australia has had an astounding economic performance over the past twenty-five years. Yet, despite our apparent survival of the Mining Bust, it doesn't *feel* like we are doing well. Many remained concerned about job security, while wages growth is barely keeping its head above inflation. Business investment remain sluggish and the demise of manufacturing continues. Above all, a generation now believes that home ownership is beyond them.

Two key themes have significant implications for both the economy and the built environment, in the short and longer term:

- there is an unprecedented level of mistrust in politicians and government at large, both globally and in Australia; and
- technological advances are transforming the way we do almost everything, with implications for every aspect of supply chains.

The advent of 'populist politics' - think Brexit, Donald Trump, Marine Le Penn, together with Pauline Hanson and the myriad splinter groups in the Senate at home – is in response to fragile economies that have yet to fully recover from the Global Financial Crisis, coupled with the immense outflow of refugees from the Middle East and many parts of Africa. Rather than providing a silver bullet, however, many of these politicians are raising false hopes in the broader population.

Critically for our economic prospects, in Australia it is now much harder for sensible economic policy and reforms to be delivered, particularly on the Budget front, which will hamper future growth if unaddressed for much longer. Rather than addressing the media cycle, politicians and policy makers should be future-proofing the country in terms of infrastructure, skills, R&D, health and aging and housing.

On the technology front, robots are now making everything from cars to pancakes. Futurists have postulated that within the next two decades, mobile phones will cost about a dollar and be far more powerful, the skies will be filled with drones replacing postmen, Amazon will surpass Walmart as the largest retailer in the world and nano-robots will be used to treat disease.

These trends have profound implications for employment, economic growth and the built environment. And for the sceptics, as Bill Gates famously said: *We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten. Don't let yourself be lulled into inaction.*