Australia: Major home building company Bathla collapses

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9 September 2026

On August 25, Bathla Group, a major residential property builder based in Sydney, went into administration with reported debts of at least $3.4 billion. Tens of thousands of building workers, contractors and home buyers will be impacted by the collapse, which may be a harbinger of a deepening insolvency crisis in the already volatile residential construction sector.

On Monday, Bathla stood down 213 of its 349 directly employed staff, with administrators saying there was only enough money to pay the remaining employees for two weeks. Prior to the company entering administration, some staff had not been paid for up to eight weeks.

In addition to the full-time staff, the collapse leaves thousands of contractors and tradespeople unpaid and without ongoing work. When it entered administration, the company owed around 1,000 subcontractors up to $100,000, according to the *Australian Financial Review* (AFR).

Before it failed, Bathla had more than 200 projects in the works in New South Wales (NSW) alone, including 2,000 homes under construction and 14,000 in the "development pipeline." This represents a significant proportion of the residential construction industry, with an average of around 45,000 homes built in the state each year.

Many workers have already endured extended periods without pay as a result of Bathla's protracted financial decline. Last year, a bricklayer at a Bathla development in Marsden Park, Western Sydney, was driven to such desperation that he climbed to the end of a crane and threatened to jump if he was not paid, the AFR reported.

Under the administration process, workers' and small contractors' claims will be frozen and ranked behind those of the banks and secured lenders when the company's remaining assets are distributed. This is likely to be an especially long process due to Bathla's sprawling corporate structure of more than 520 subsidiaries, and the fact the company is already enmeshed in litigation, including a court finding that it owes more than $70 million, still unpaid, to settle a property purchase.

Home buyers have been told "The Administrators are not presently in a position to refund deposits paid to the companies." Administrator Stephen Longley told the Australian Broadcasting Corporation (ABC) around 1,000 deposits may have been paid to the developer and that some of that money may already have been spent, leaving nothing to return.

Corporate Recovery Partners, a debt-recovery firm, is vying to represent some 12,000 "parties potentially exposed" to the collapse, including "tradies, subcontractors, and suppliers, along with homeowners and investors." Its managing partner, Larry Kaine, told *Smart Company* that "the knock on effect is probably and conservatively going to be $20 billion on the broader New South Wales construction sector."

Bathla chief executive Bhart Bhushan said the company "had confronted a perfect storm," including "a significant softening in sales, impacts from the changes made in the federal government's May budget and falling confidence in key markets."

In the highly speculative property sector, investor confidence is no doubt a factor. But Bathla's financial difficulties long predate the federal government's minor tax changes, from which new builds are in any case exempt. In fact, while the financial press laments a small decline in home prices this year, new dwelling prices rose 5.7 percent in the 12 months to July.

Bathla's implosion is not an isolated event but the expression of a structural crisis in the building industry the WSWS has documented for years—from the collapse of Avonwood Homes in 2000, through the near-failure of Metricon in 2022, the liquidation of Porter Davis and record insolvencies in 2023.

The scale today is staggering. In the 2025–26 financial year, 1,522 construction firms collapsed in NSW alone. ASIC recorded 3,435 construction companies entering external administration across the country. Construction accounted for almost a quarter—24.5 percent—of all business insolvencies nationally, with 14,152 companies entering external administration over the year.

This is a product of the deepening crisis of global capitalism. Residential building firms operate on tight margins and typically with fixed-price sale contracts, making them extremely vulnerable to inflation in the cost of materials and supply-chain delays. Both processes have played a significant role over recent years, driven first by the COVID-19 pandemic, then the US-NATO war against Russia in Ukraine, and now by the criminal US-led war against Iran. This has been exacerbated by the actions of the federal Labor government, which has given its full-throated support for both wars.

The risk attached to property development has given rise to private credit replacing the banks as a source of funding for building companies. Last year, management consultants Alvarez and Marsal estimated $205 billion, 17 percent of all real estate lending in Australia, came from private credit. A significant amount of Bathla's funds came from such lenders, some of whom have directly taken over individual work sites since its administration. One, Alceon, terminated its $670 million backing with Bathla at the end of last year over concerns about debt and risk.

This means the livelihoods of building workers and the basic social need for housing are increasingly tied to the parasitic interests of the largely unregulated private credit market, whose speculation fuels a property bubble that periodically detonates on the backs of working people.

New South Wales Premier Chris Minns, while declining Bathla's request for a $20 million bailout, said "obviously, we will talk with the [administrators], and there is also a role to play to ensure that other large-scale volume builders don't fall into the same problem."

The Labor Premier did not even bother with a pretence of concern for the workers and buyers Bathla has left stranded, preoccupied instead with how the profits of other developers can be protected. This underscores Labor's role as a party of big business and finance capital.

More broadly, Labor's response at state and federal level to the worsening housing affordability crisis has been to demolish what remains of public housing, to free up valuable inner-city land for profitable use by private developers. This includes the planned destruction of 44 public housing towers in Melbourne, displacing some 10,000 residents, and the demolition of Sydney's Waterloo South housing estate.

As building workers are hit with unpaid wages and increasingly unstable employment, and as housing becomes increasingly unaffordable for the working class, the wealth of Australia's property barons continues to soar. Meriton's Harry Triguboff is now worth $32.29 billion, his wealth rising faster than that of Australia's richest individual, mining magnate Gina Rinehart. A quarter of the 200 richest Australians have fortunes tied to property.

What this underscores is that, under capitalism, housing is a commodity, not a right. A mass program of housing construction, with decent wages and conditions for every worker, is technically possible and socially necessary. But it is incompatible with a system in which housing is produced only for profit, and in which the resolution of the housing crisis depends on the profit calculations of private developers.

What is required is the fight for a new, socialist, political perspective, including for the expropriation of the developers and the banks and the placing of the construction industry under public ownership and democratic workers' control.