

A photograph of construction workers on a multi-level scaffolding structure against a modern glass building. The workers are wearing safety gear like hard hats and high-visibility vests. The scaffolding is made of metal poles and wooden planks.

# **ACIF Australian Construction Market Outlook**

## **FCON24 Future of Construction Summit**

**Brisbane 14 May 2024**

# Session Plan

- Welcome
- Economic Overview
- Factors Impacting the Construction Outlook
- Residential
- Non-Residential Building
- Engineering Construction
- Total
- Panel Session

# Australian Macroeconomic Outlook Summary

	Metric (a)	Actual 2021-22	Actual 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26
GDP growth	% change yoy	4.3	3.2	1.5	1.9	2.7
GNE growth	% change yoy	6.2	3.5	1.5	2.2	2.8
Unemployment rate	% year end	3.8	3.6	4.0	4.2	4.0
Wage Price Index	% year end	2.7	3.7	4.4	3.8	3.7
CPI Inflation	% change tty	6.1	6.2	3.5	2.8	2.6
RBA Cash Rate	% year end	0.3	3.8	4.35	4.1	3.8
10-year Treasury Bond	% year end	3.4	3.6	4.4	4.2	4.1
Exchange Rate	\$US/\$A year end	0.74	0.69	0.67	0.67	0.67

Note: "yoy" = year-on-year. "Year end" = value in final quarter of period, seasonally adjusted.

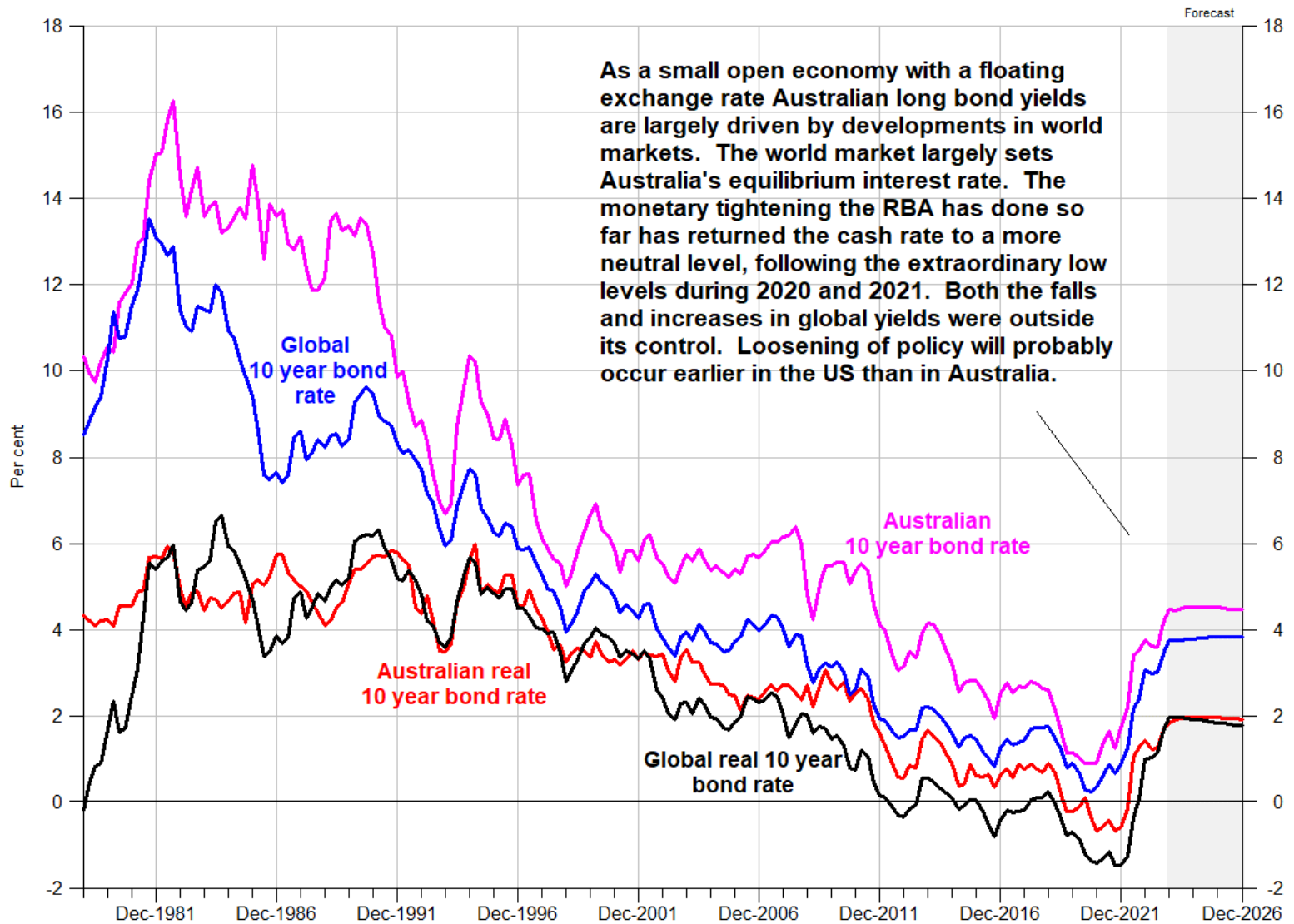
# Australian Macroeconomic Outlook Summary

	Metric (a)	Actual 2021-22	Actual 2022-23	Forecast 2023-24	Forecast 2024-25	Forecast 2025-26
Household Consumption	% change	4.3	5.0	0.6	2.6	3.1
Dwelling Investment	% change	2.6	-3.8	-2.1	0.4	5.4
Private Business Investment	% change	8.3	8.6	5.3	1.4	3.1
<i>Underlying</i>	% change	7.1	8.3	5.3	2.4	3.0
Mining Investment	% change	9.2	3.3	10.5	2.0	4.4
Non-Mining Business Investment	% change	6.4	10.0	3.7	2.5	2.5
Private final demand	% change	5.1	4.2	1.2	2.2	3.3
Public final demand	% change	7.0	2.4	3.2	2.7	2.8
Government Consumption	% change	6.8	1.6	2.6	2.5	3.0
Public Investment (Underlying)	% change	8.2	6.4	4.2	2.9	2.1
<b>Gross National Expenditure</b>	% change	-0.5	6.7	1.5	2.2	2.8
Exports of Goods and Services	% change	6.9	9.2	2.6	2.8	3.7
Imports of Goods and Services	% change	-1.5	-0.1	2.4	3.2	3.6
Net Exports	% cntrbtn	-1.5	-0.1	0.0	-0.1	0.0
<b>Gross Domestic Product</b>	% change	4.3	3.2	1.5	1.9	2.7

(a) Real, based on Chain Volume Measures (CVM), 2021-22 reference year.

Source: ABS, AUS-M, ACIF CFC

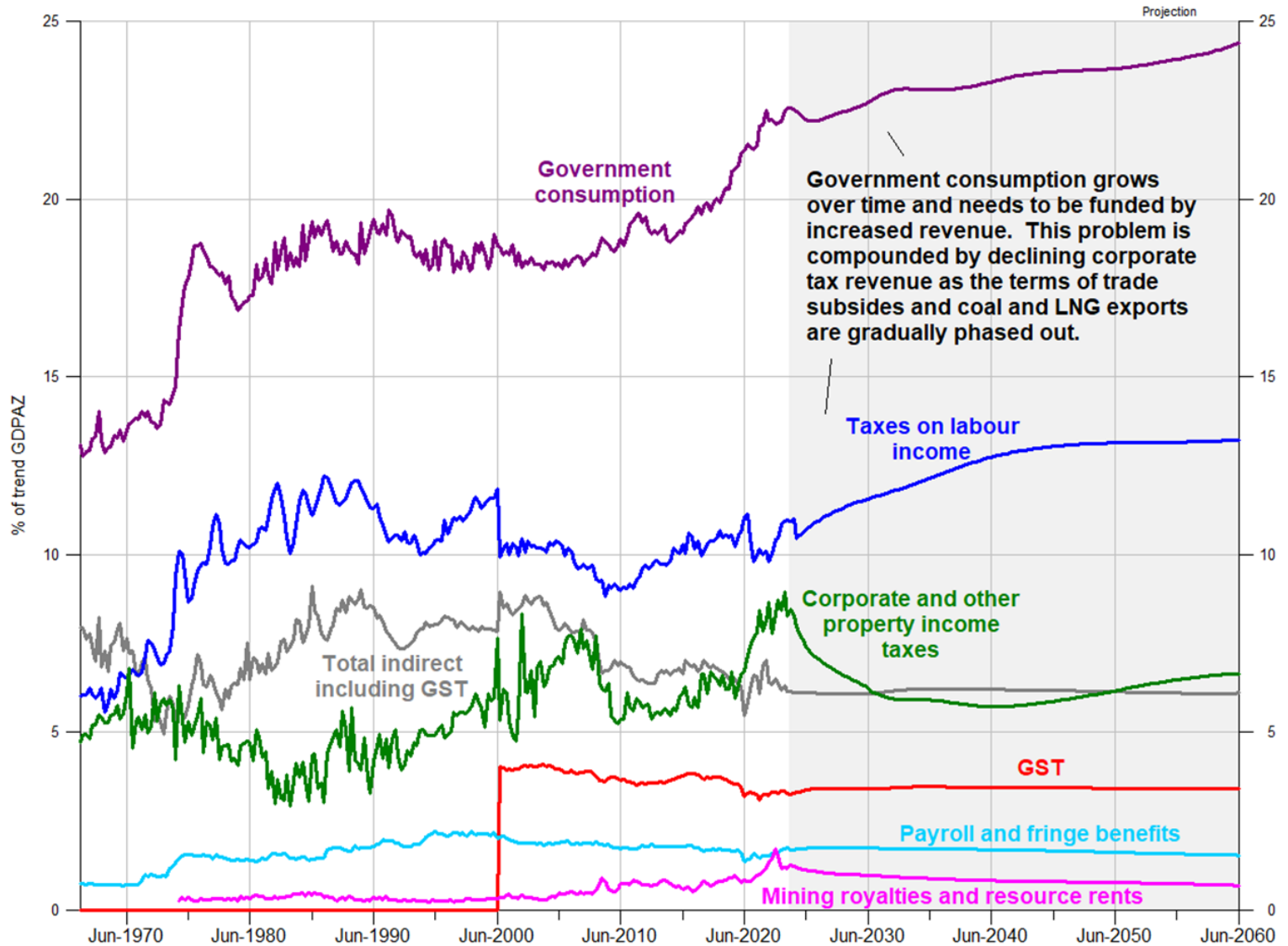
# Figure 1 Australian and Global 10 Year Bond Yields



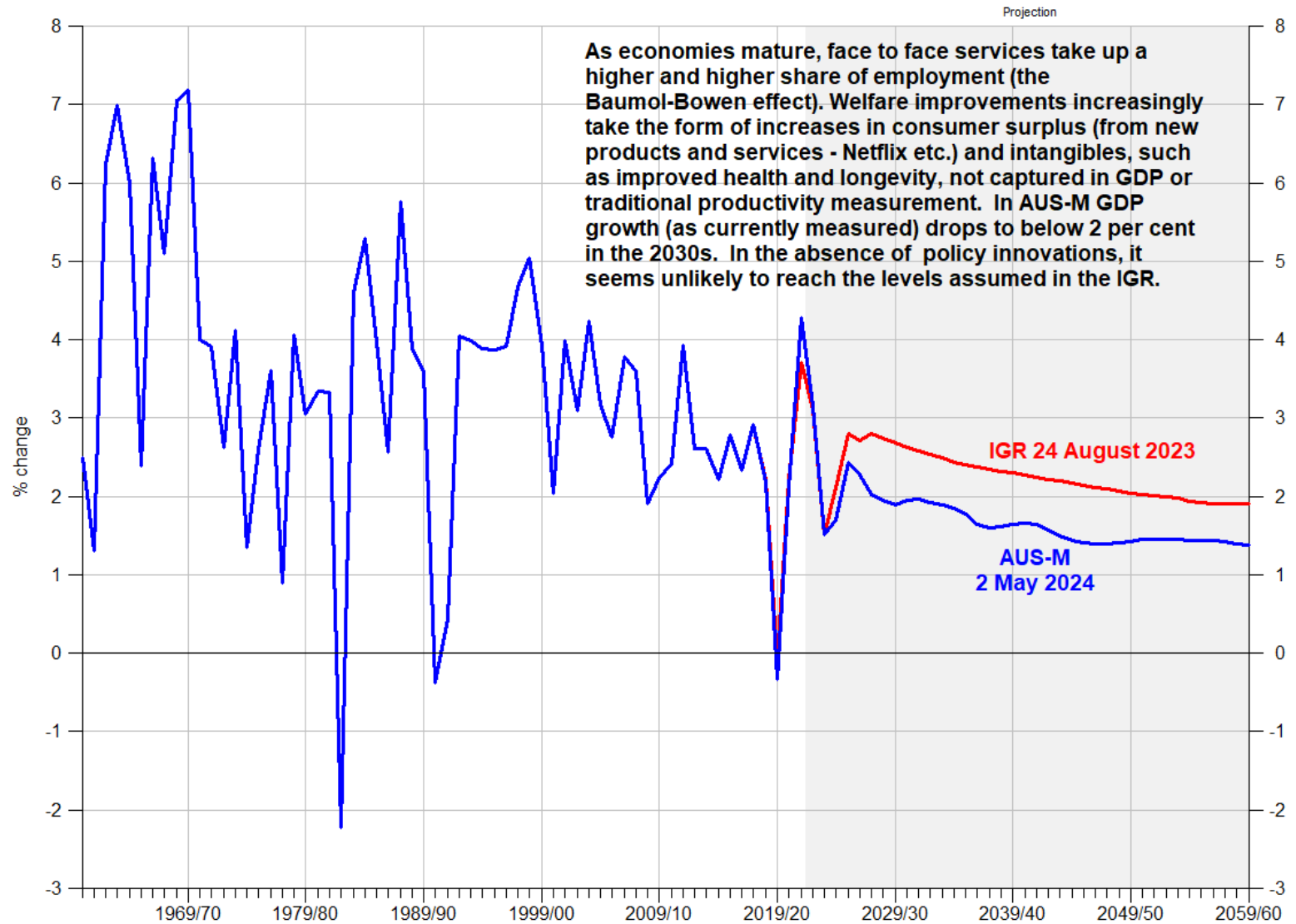
## Figure 2 Average Income Tax Rate and the PSBR



# Figure 3 Government Consumption and Revenue Sources



# Figure 4 Medium-Term GDP Growth



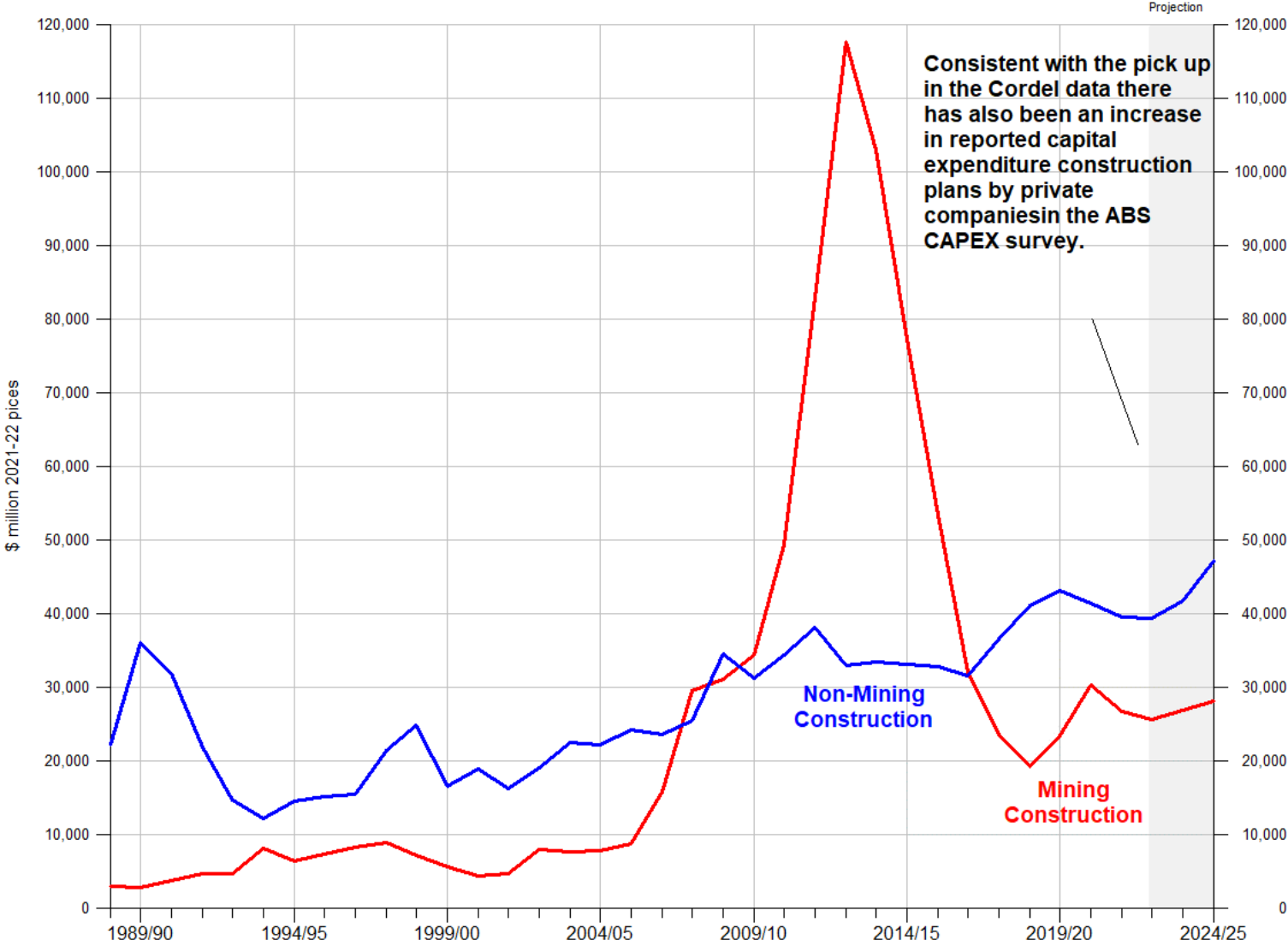


# Major Projects and Business Expectations

# Additions to Major Projects

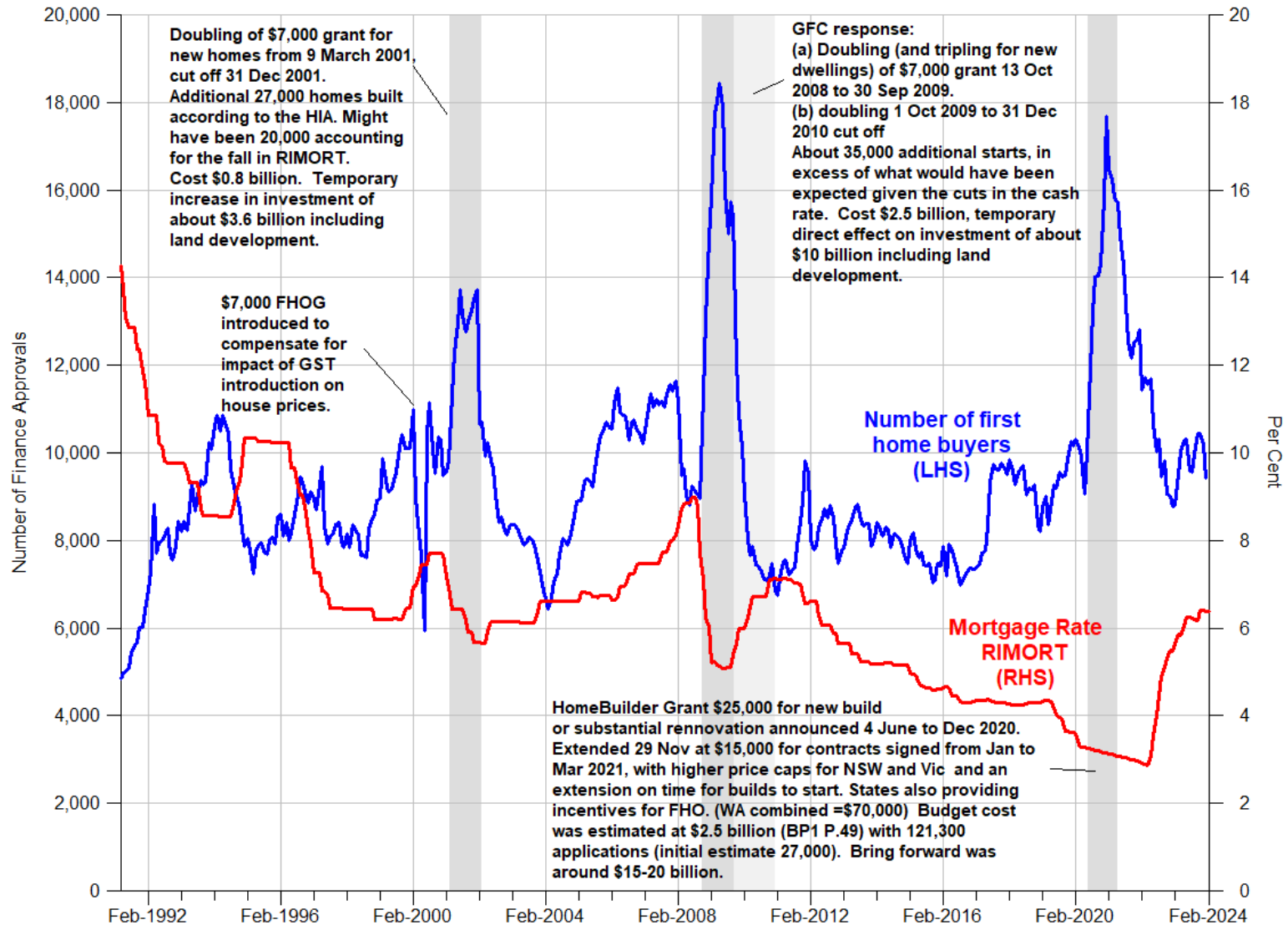
	6 months to October 2023		6 months to April 2024		12 Months
	Number	Value (\$ million)	Number	Value (\$ million)	Value (\$ million)
<b>Residential</b>	<b>153</b>	<b>13,021</b>	<b>204</b>	<b>19,771</b>	<b>32,792</b>
Residential	153	13,021	204	19,771	32,792
<b>Non Residential</b>	<b>246</b>	<b>21,680</b>	<b>384</b>	<b>36,923</b>	<b>58,604</b>
Accommodation	17	2,295	42	3,386	5,680
Education	41	2,305	58	2,804	5,108
Entertainment and Recreation	15	685	22	1,434	2,119
Health and Aged Care	35	2,910	59	8,550	11,460
Industrial	59	4,540	107	7,121	11,660
Miscellaneous	14	2,017	15	1,942	3,959
Offices	25	4,082	39	5,281	9,363
Other Commercial	21	2,093	21	5,736	7,829
Retail and wholesale trade	19	755	21	670	1,425
<b>Engineering</b>	<b>129</b>	<b>99,089</b>	<b>244</b>	<b>163,808</b>	<b>262,897</b>
Roads	9	1,226	32	12,378	13,604
Bridges, Railways and Harbours	10	9,450	32	6,545	15,995
Electricity and Pipelines	59	79,010	87	133,114	212,124
Water and Sewerage	7	480	13	1,793	2,274
Telecommunications	-	-	-	-	-
Recreation	8	961	21	1,611	2,571
Heavy Industry	36	7,962	59	8,367	16,330
<b>Total</b>	<b>528</b>	<b>133,791</b>	<b>832</b>	<b>220,502</b>	<b>354,293</b>

# Figure 5 Construction Capital Expenditure Plans ABS CAPEX Survey

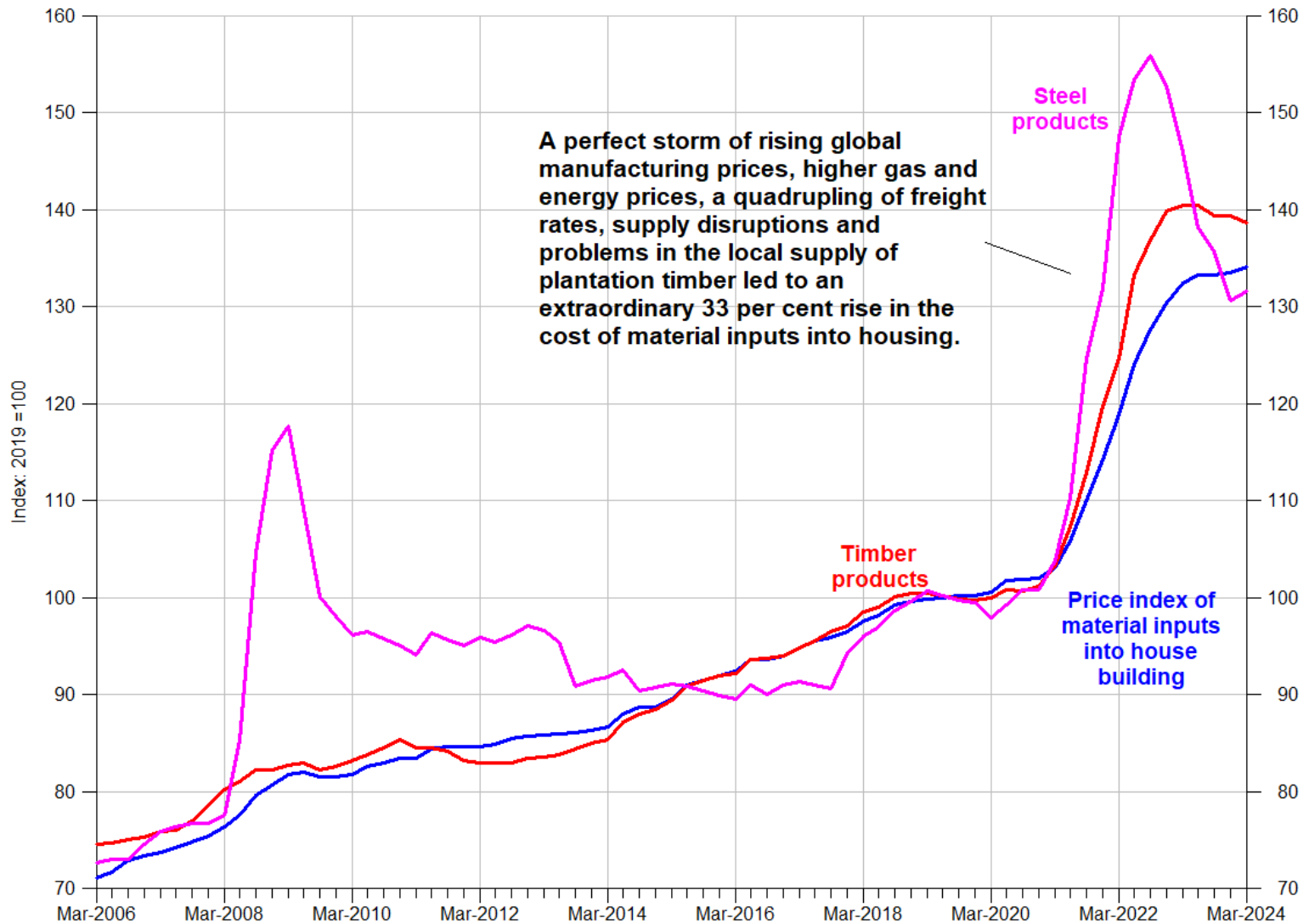


# Residential Construction

# Fig D.1 First Home Buyers – Bring Forwards

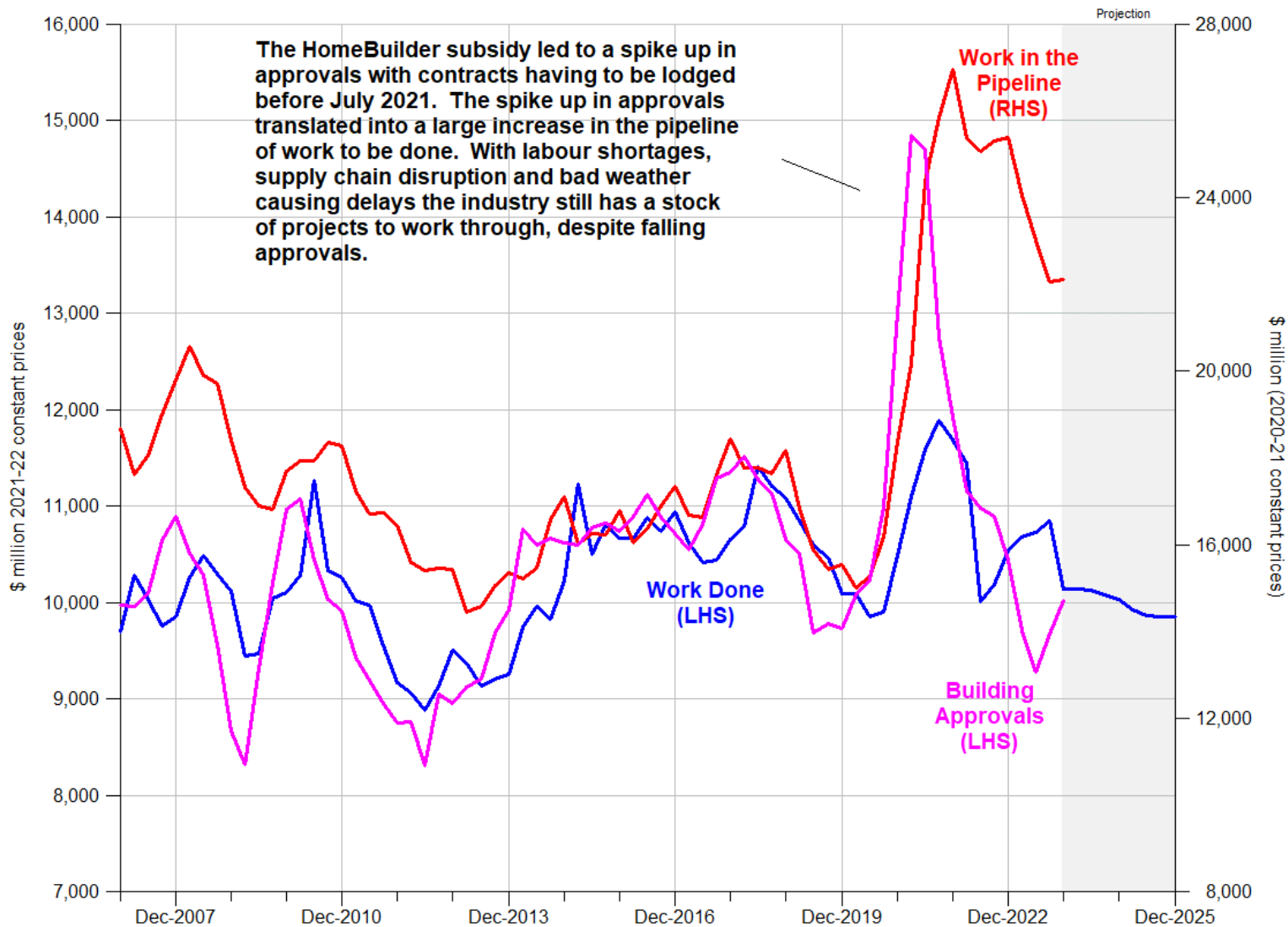


# Fig D.2 Price of Material Inputs into House Building

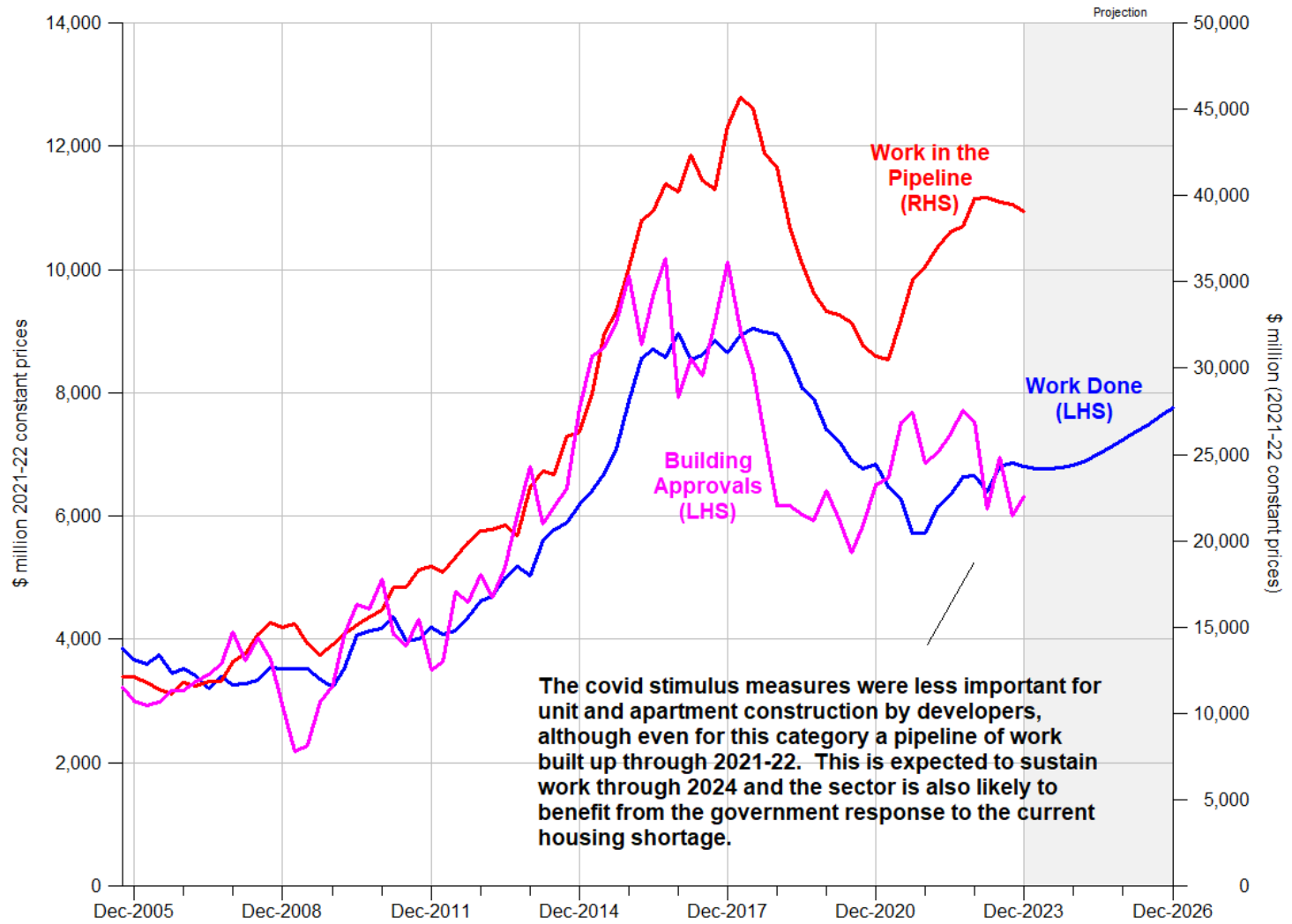


# Fig D.3 New Houses

## Work Done, Approvals and Work in the Pipeline



# Fig D.4 New Other Residential (Apartments Townhouses) Work Done, Approvals and Work in the Pipeline





**Table D.1 Residential Construction Summary**  
(Value of Work Done, \$ million, 2021-22 prices)

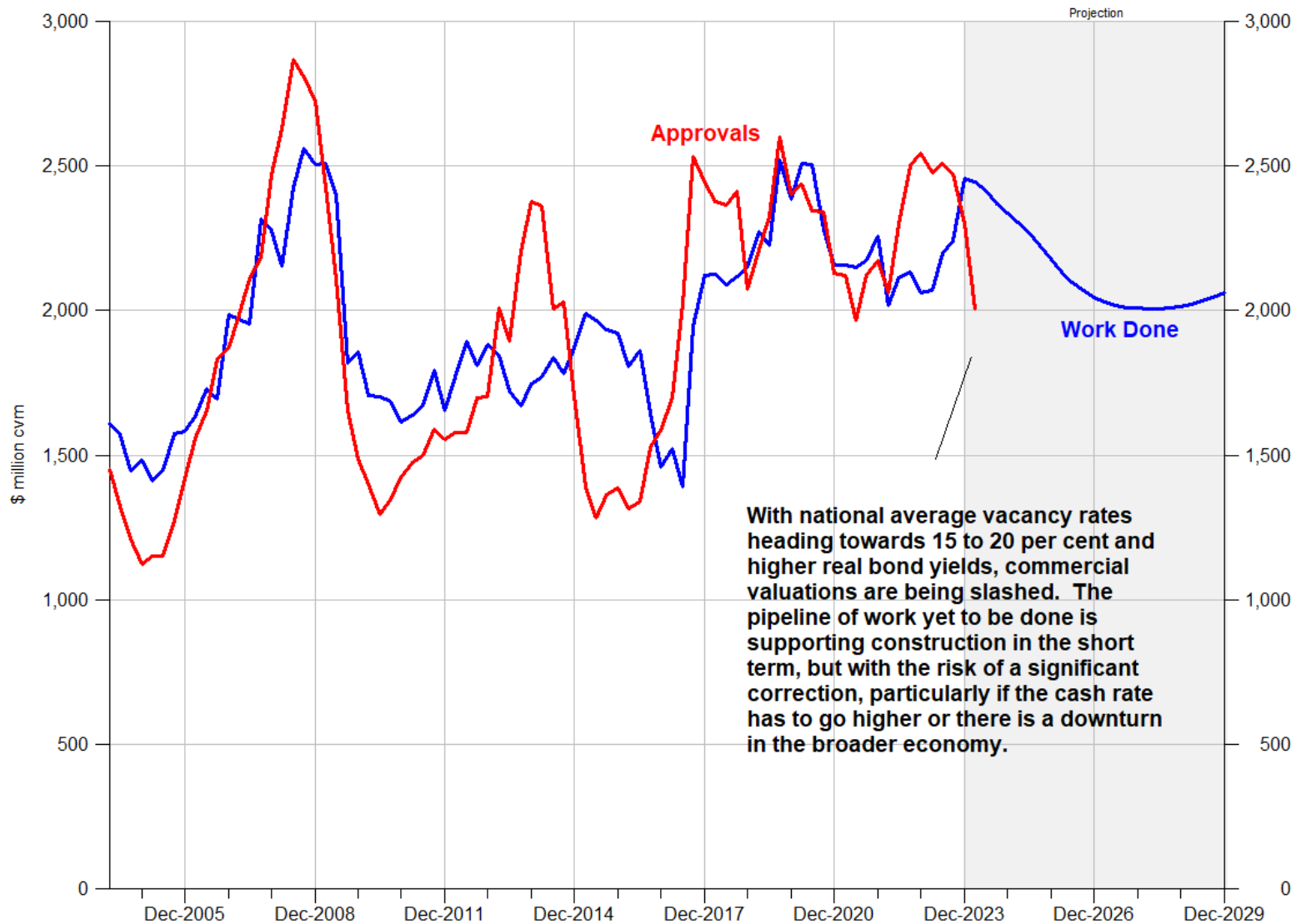
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Value of Work Done (CVM, \$ million)					Forecast (\$ million)				
New Houses	43,708	40,479	43,046	45,011	42,105	41,215	39,876	39,474	40,159	41,271
New Other Residential	34,557	29,392	26,311	23,916	26,449	27,176	27,483	29,156	31,233	33,220
Large Alterations and Additions	10,674	10,560	11,999	12,691	11,790	11,214	10,786	10,720	10,875	11,166
Other (Mainly Small Alterations and Additions)	32,859	32,724	37,305	40,083	36,732	35,211	34,245	33,887	34,307	35,197
Public Investment	1,049	844	1,160	1,299	1,266	1,346	1,618	1,985	2,187	2,320
<b>Total</b>	<b>122,422</b>	<b>113,588</b>	<b>118,811</b>	<b>121,700</b>	<b>117,075</b>	<b>114,817</b>	<b>112,390</b>	<b>113,237</b>	<b>116,573</b>	<b>120,854</b>
	% change (YoY)					% change (YoY)				
New Houses	1.0	-7.4	6.3	4.6	-6.5	-2.1	-3.2	-1.0	1.7	2.8
New Other Residential	-2.6	-14.9	-10.5	-9.1	10.6	2.7	1.1	6.1	7.1	6.4
Large Alterations and Additions	3.0	-1.1	13.6	5.8	-7.1	-4.9	-3.8	-0.6	1.4	2.7
Other (Mainly Small Alterations and Additions)	1.2	-0.4	14.0	7.4	-8.4	-4.1	-2.7	-1.0	1.2	2.6
Public Investment	-14.4	-19.5	37.5	11.9	-2.5	6.4	20.2	22.7	10.2	6.1
<b>Residential Building</b>	<b>0.2</b>	<b>-7.2</b>	<b>4.6</b>	<b>2.4</b>	<b>-3.8</b>	<b>-1.9</b>	<b>-2.1</b>	<b>0.8</b>	<b>2.9</b>	<b>3.7</b>

**Table D.1 Residential Completions**  
(Value of Work Done, \$ million, 2021-22 prices)

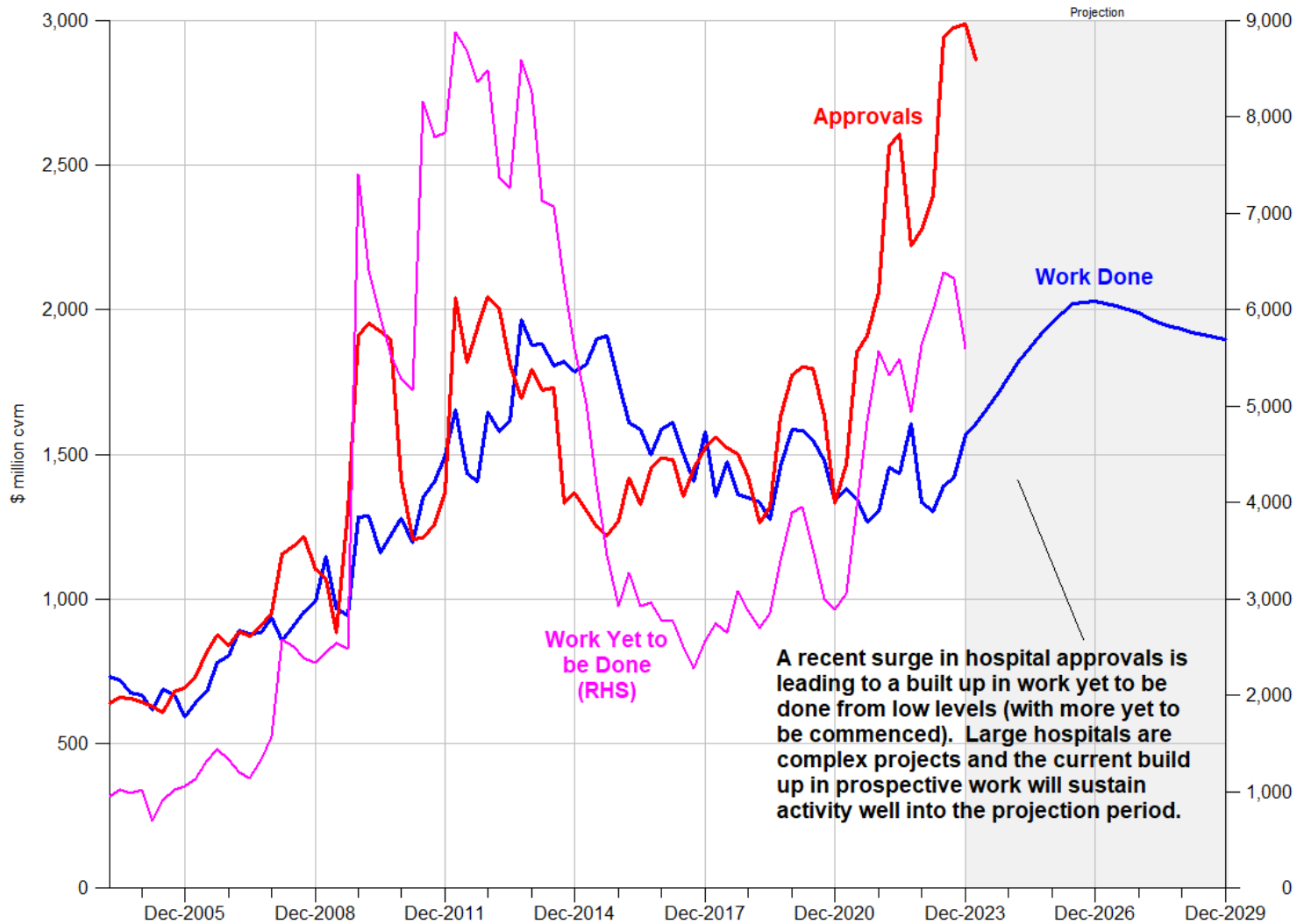
	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Actual Completions (thousand dwellings)					Forecast (thousand dwellings)				
New Houses	122	105	105	116	111	117	111	110	112	114
New Other Residential	92	85	75	56	62	57	63	70	76	82
Alterations and Additions	1.7	1.2	1.0	0.9	0.6	1.0	1.1	1.1	1.1	1.1
<b>Total</b>	<b>214</b>	<b>191</b>	<b>180</b>	<b>172</b>	<b>173</b>	<b>174</b>	<b>175</b>	<b>180</b>	<b>188</b>	<b>197</b>
	% change (YoY)					% change (YoY)				
New Houses	7.2	-13.5	-0.5	10.9	-4.5	5.8	-5.1	-0.8	1.4	1.7
New Other Residential	-6.4	-6.8	-12.5	-25.2	10.8	-8.7	11.8	10.0	9.4	8.3
<b>Total</b>	<b>0.9</b>	<b>-10.7</b>	<b>-5.9</b>	<b>-4.2</b>	<b>0.4</b>	<b>0.7</b>	<b>0.4</b>	<b>3.1</b>	<b>4.5</b>	<b>4.4</b>

# Non-Residential Construction

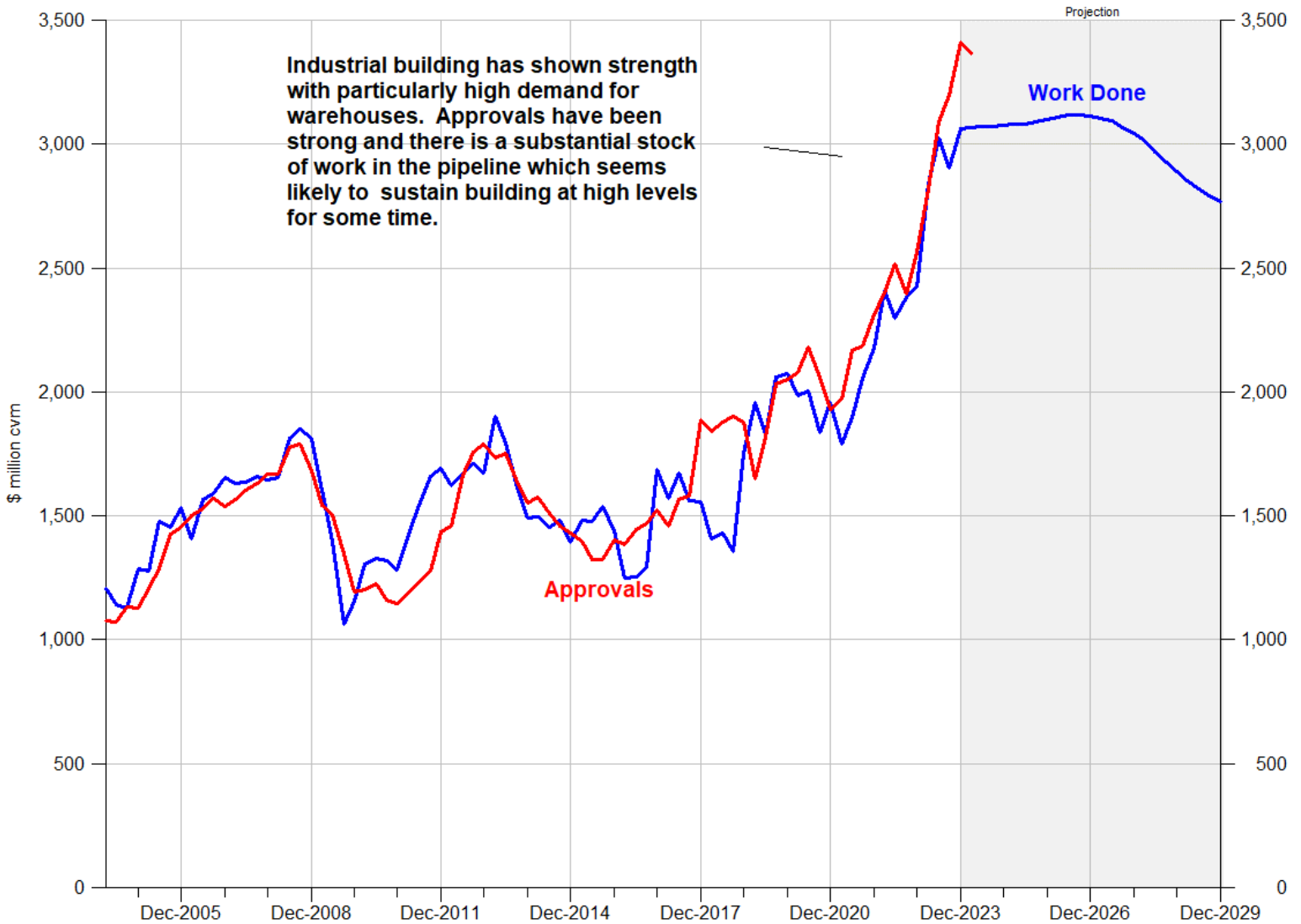
**Figure B.1 Offices**  
 (Value of Work Done, \$ million, 2021-22 prices)



**Figure B.2 Health and Aged Care**  
 (Value of Work Done, \$ million, 2021-22 prices)

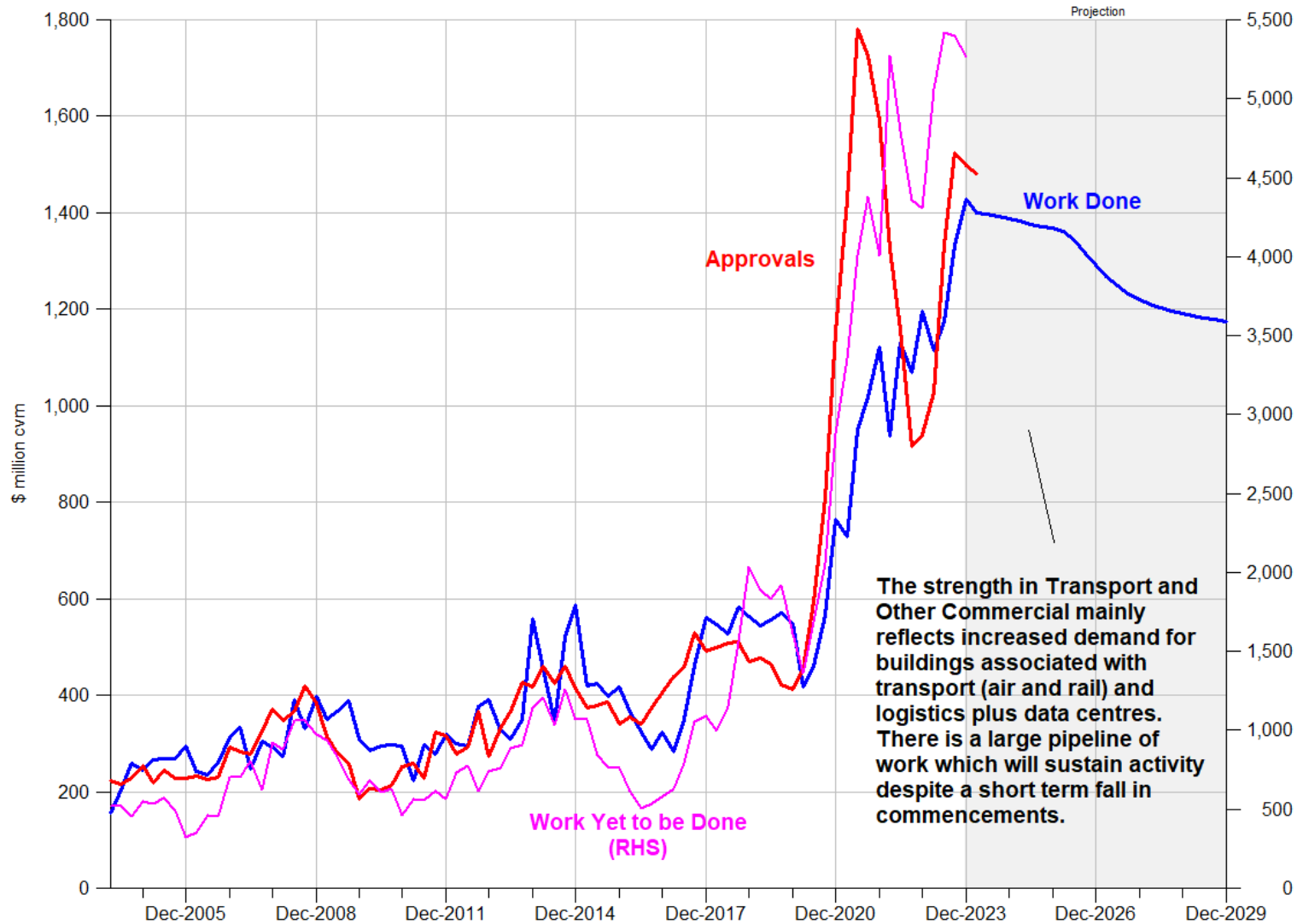


**Figure B.3 Industrial**  
 (Value of Work Done, \$ million, 2021-22 prices)



Industrial building has shown strength with particularly high demand for warehouses. Approvals have been strong and there is a substantial stock of work in the pipeline which seems likely to sustain building at high levels for some time.

**Figure B.4 Transport and Other Commercial**  
 (Value of Work Done, \$ million, 2021-22 prices)



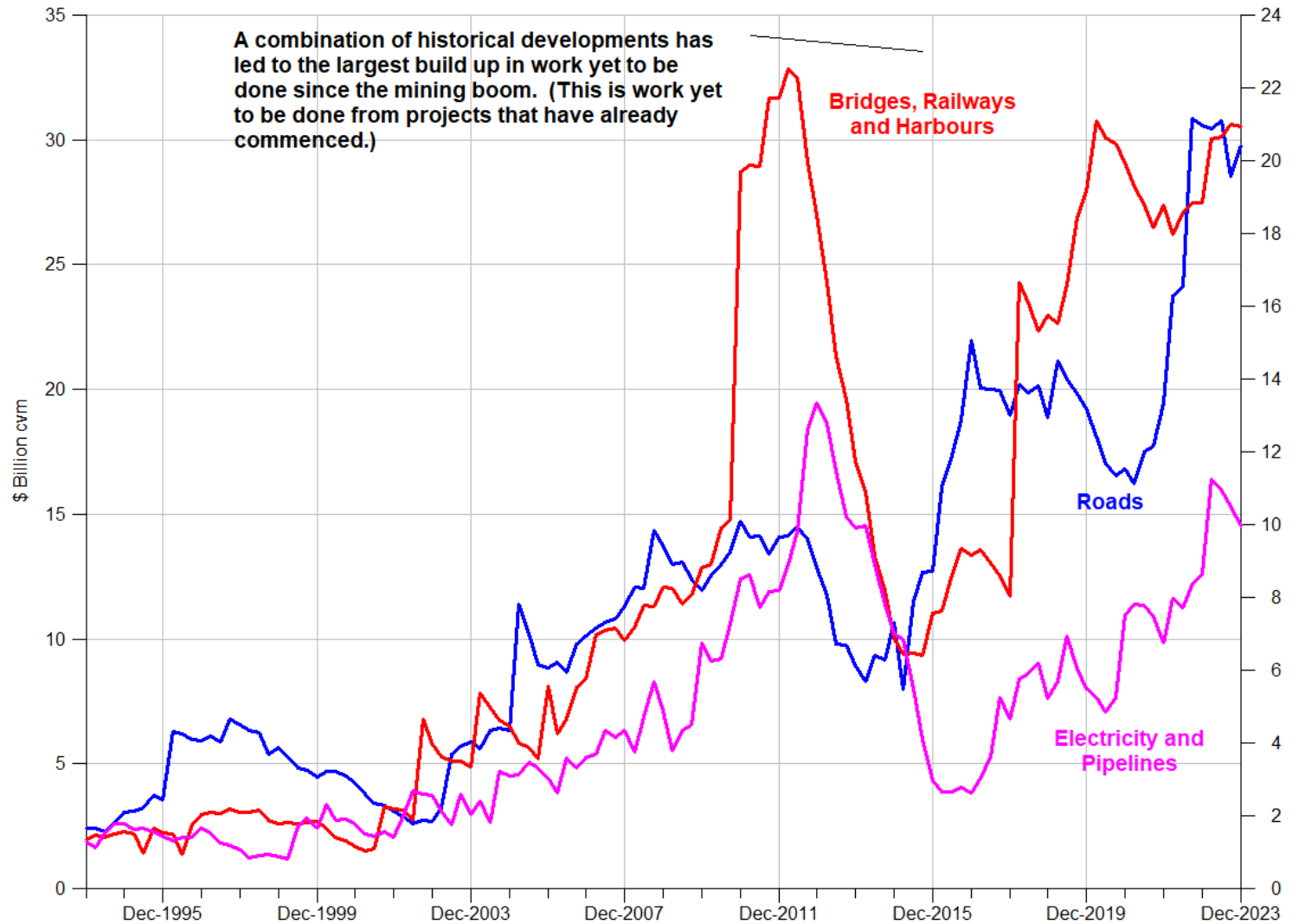
**Table B.1 Non-Residential Building Summary**  
(Value of Work Done, \$ million, 2021-22 prices)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Value of Work Done (CVM, \$ millions)					Forecast (\$ millions)				
Accommodation	3,650	3,940	3,465	2,728	2,533	2,492	2,452	2,383	2,486	2,598
Educational	7,609	8,454	8,284	7,313	8,157	8,154	7,918	7,962	7,894	8,025
Entertainment and recreation	3,682	3,763	3,782	4,134	3,751	3,773	3,962	4,135	4,248	4,344
Health and aged care	5,310	6,173	5,540	5,448	5,625	6,235	7,159	7,869	8,084	7,910
Industrial	6,880	8,117	7,473	8,926	10,658	12,094	12,298	12,410	12,421	12,086
Miscellaneous	4,112	3,746	3,913	4,141	3,863	4,031	4,234	4,392	4,511	4,633
Offices	8,755	9,913	8,737	8,552	8,449	9,552	9,273	8,624	8,151	8,023
Other Commercial	2,240	1,992	3,002	4,204	4,549	5,554	5,533	5,443	5,120	4,861
Retail and wholesale trade	6,681	6,409	5,915	5,669	6,517	5,993	5,858	5,950	6,143	6,256
<b>Non Residential Building</b>	<b>48,919</b>	<b>52,506</b>	<b>50,111</b>	<b>51,115</b>	<b>54,102</b>	<b>57,877</b>	<b>58,687</b>	<b>59,167</b>	<b>59,058</b>	<b>58,735</b>
	% change (YoY)					% change (YoY)				
Accommodation	-6.6	7.9	-12.0	-21.3	-7.1	-1.6	-1.6	-2.8	4.3	4.5
Educational	4.2	11.1	-2.0	-11.7	11.5	-0.0	-2.9	0.6	-0.8	1.6
Entertainment and recreation	-0.7	2.2	0.5	9.3	-9.3	0.6	5.0	4.3	2.7	2.3
Health and aged care	-8.5	16.2	-10.3	-1.7	3.2	10.9	14.8	9.9	2.7	-2.1
Industrial	15.6	18.0	-7.9	19.4	19.4	13.5	1.7	0.9	0.1	-2.7
Miscellaneous	14.4	-8.9	4.5	5.8	-6.7	4.3	5.0	3.7	2.7	2.7
Offices	5.8	13.2	-11.9	-2.1	-1.2	13.1	-2.9	-7.0	-5.5	-1.6
Other Commercial	7.1	-11.1	50.7	40.0	8.2	22.1	-0.4	-1.6	-5.9	-5.0
Retail and wholesale trade	-5.1	-4.1	-7.7	-4.2	15.0	-8.0	-2.2	1.6	3.3	1.8
<b>Non Residential Building</b>	<b>2.6</b>	<b>7.3</b>	<b>-4.6</b>	<b>2.0</b>	<b>5.8</b>	<b>7.0</b>	<b>1.4</b>	<b>0.8</b>	<b>-0.2</b>	<b>-0.5</b>



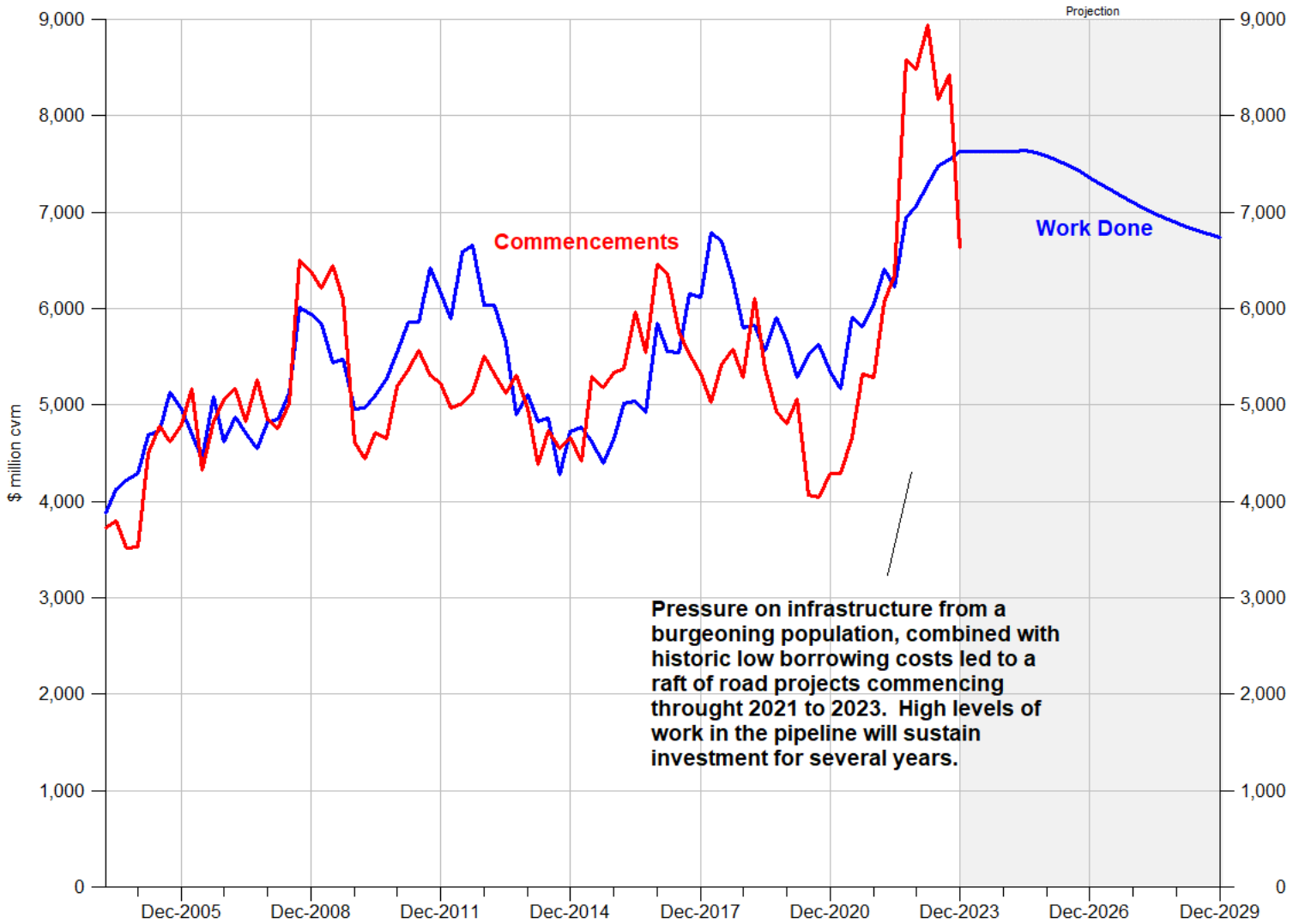
# Engineering Construction

**Figure E.1 Work Yet to be Done – Selected Categories**  
 (Value of Work Yet to Be Done, \$ billion, 2021-22 prices)

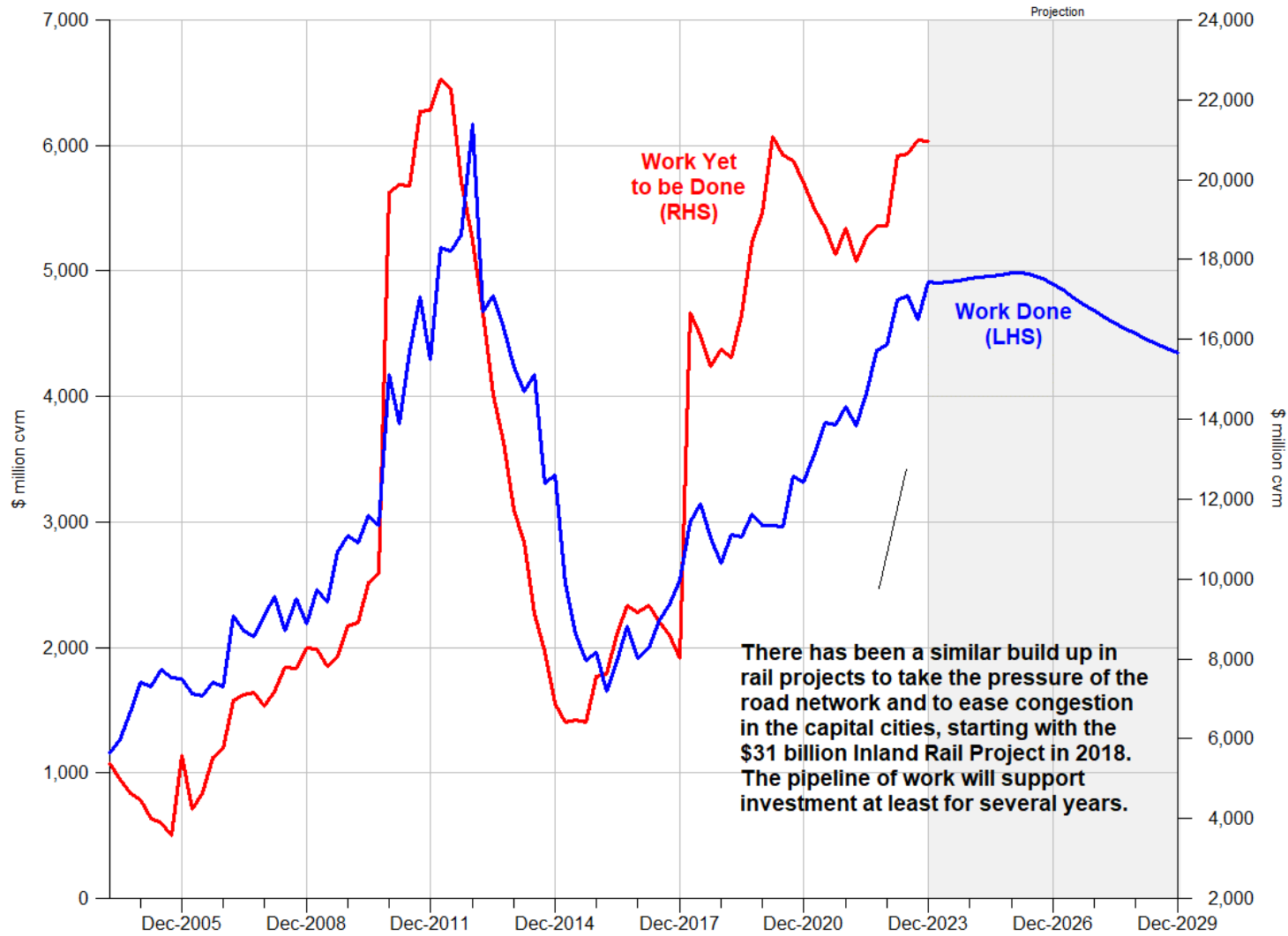


# Figure E.2: Roads

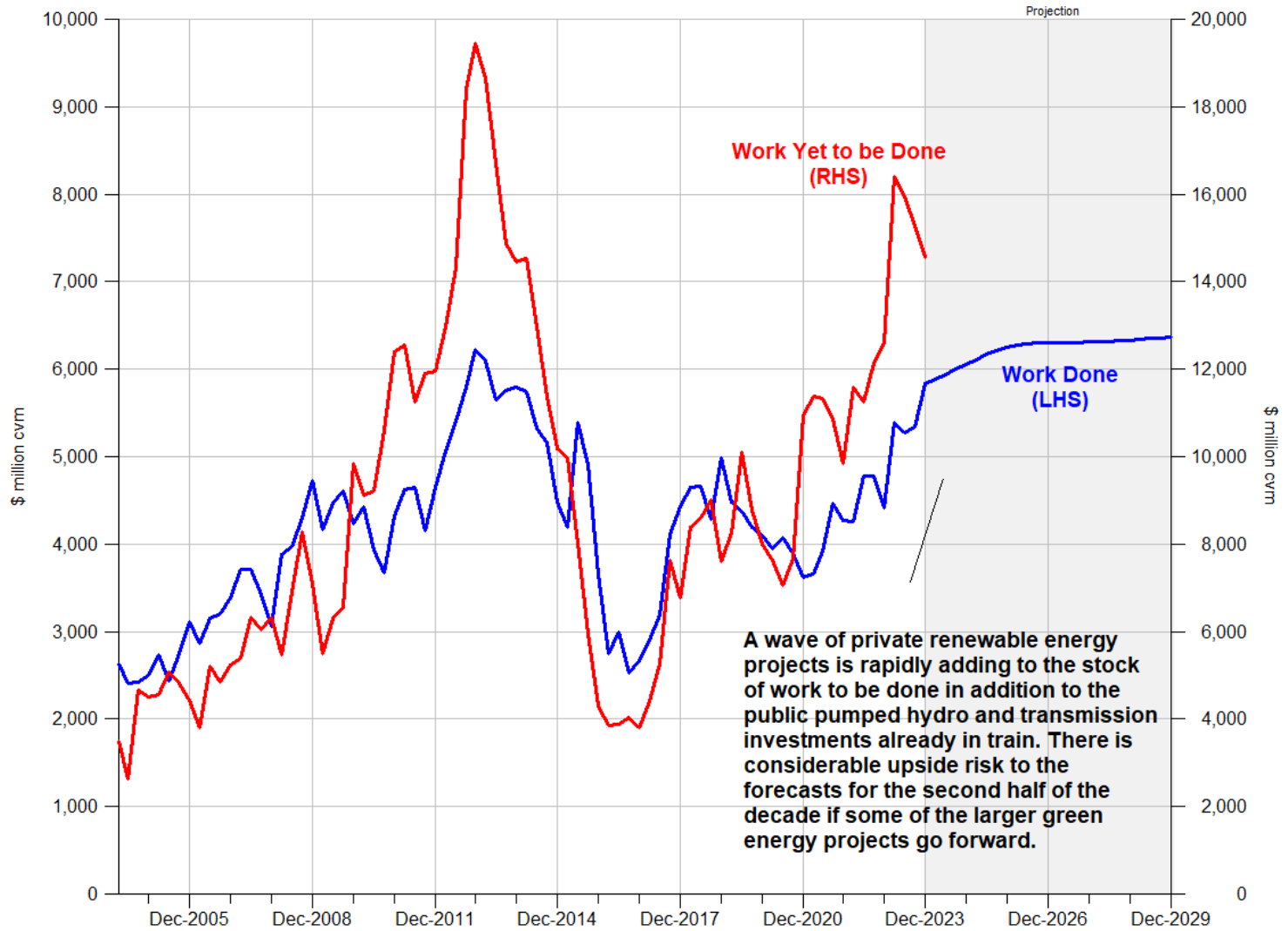
(Value of Work Done, \$ million, 2021-22 prices)



**Figure E.3: Bridges, Railways and Harbours**  
 (Value of Work Done, \$ million, 2021-22 prices)



**Figure E.4 Electricity and Pipelines**  
 (Value of Work Done, \$ million, 2021-22 prices)



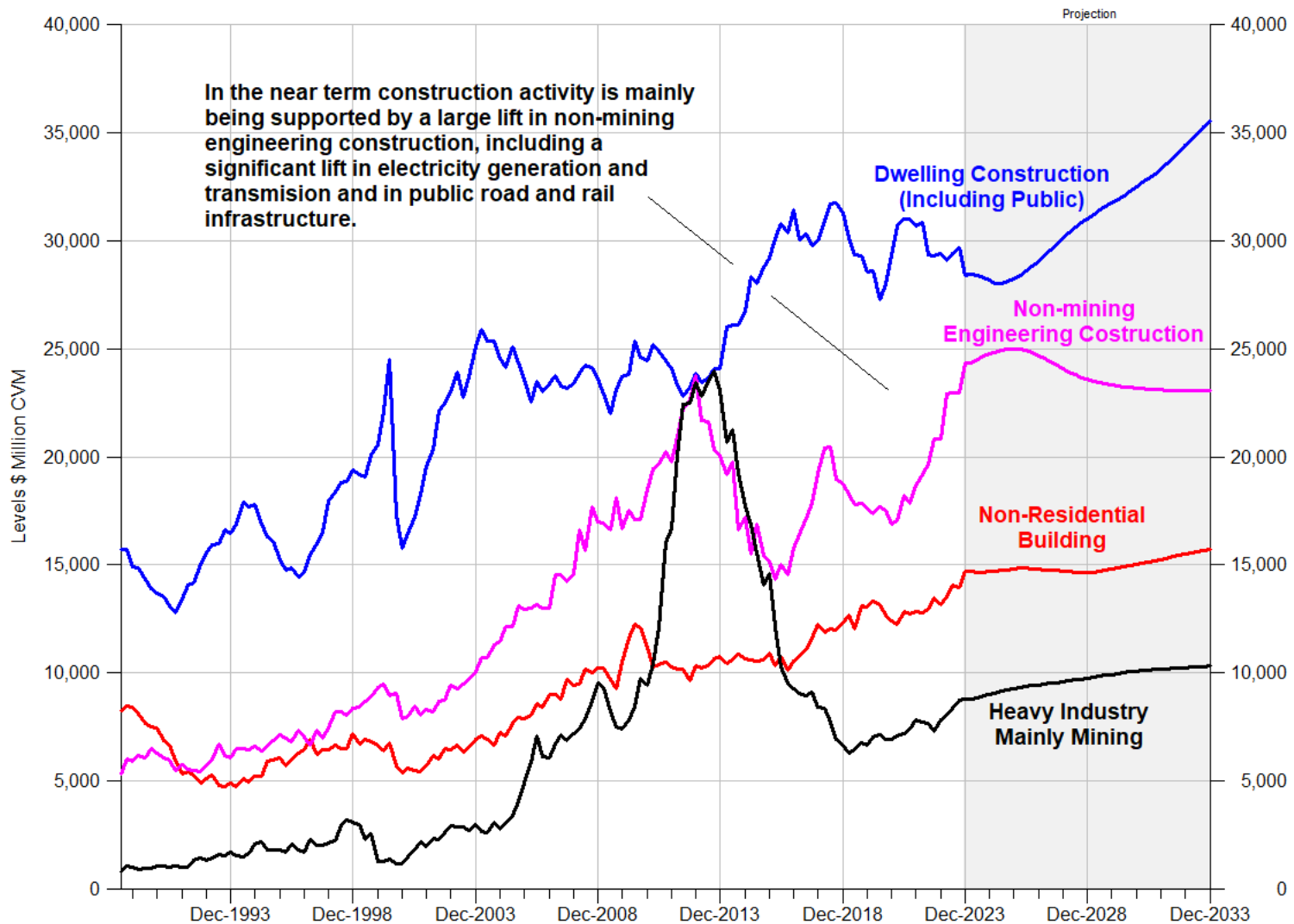
**Table D.1 Engineering Construction Summary**  
(Value of Work Done, \$ million, 2021-22 prices)

	2018-19	2019-20	2020-21	2021-22	2022-23	2023-24	2024-25	2025-26	2026-27	2027-28
	Value of Work Done (CVM, \$ million)					Forecast (\$ million)				
Roads	23,452	22,353	22,020	24,461	28,753	30,414	30,506	30,187	29,285	28,266
Bridges, Railways and Harbours	11,307	11,947	13,982	15,460	18,330	19,321	19,752	19,885	19,447	18,616
Electricity and Pipelines	18,088	16,293	15,057	17,758	19,848	22,970	24,308	24,995	25,179	25,225
Water and Sewerage	7,116	7,694	7,766	8,190	9,327	11,572	11,637	11,880	11,783	11,415
Telecommunications	11,318	9,768	7,050	6,679	7,201	7,783	7,908	7,952	7,867	7,756
Heavy Industry including Mining	27,928	27,301	28,501	25,925	26,663	31,158	31,975	32,912	33,460	33,982
Recreation and Other	6,452	6,243	7,487	6,902	8,504	8,774	9,008	9,272	9,394	9,083
<b>Engineering Construction</b>	<b>105,661</b>	<b>101,601</b>	<b>101,862</b>	<b>105,376</b>	<b>118,626</b>	<b>131,991</b>	<b>135,095</b>	<b>137,084</b>	<b>136,416</b>	<b>134,342</b>
	% change (YoY)					% change (YoY)				
Roads	-8.9	-4.7	-1.5	11.1	17.5	5.8	0.3	-1.0	-3.0	-3.5
Bridges, Railways and Harbours	2.8	5.7	17.0	10.6	18.6	5.4	2.2	0.7	-2.2	-4.3
Electricity and Pipelines	1.4	-9.9	-7.6	17.9	11.8	15.7	5.8	2.8	0.7	0.2
Water and Sewerage	-5.5	8.1	0.9	5.5	13.9	24.1	0.6	2.1	-0.8	-3.1
Telecommunications	-11.1	-13.7	-27.8	-5.3	7.8	8.1	1.6	0.6	-1.1	-1.4
Heavy Industry including Mining	-43.8	-2.2	4.4	-9.0	2.8	16.9	2.6	2.9	1.7	1.6
Recreation and Other	-11.2	-3.2	19.9	-7.8	23.2	3.2	2.7	2.9	1.3	-3.3
<b>Engineering Construction</b>	<b>-19.8</b>	<b>-3.8</b>	<b>0.3</b>	<b>3.4</b>	<b>12.6</b>	<b>11.3</b>	<b>2.4</b>	<b>1.5</b>	<b>-0.5</b>	<b>-1.5</b>

# Totals

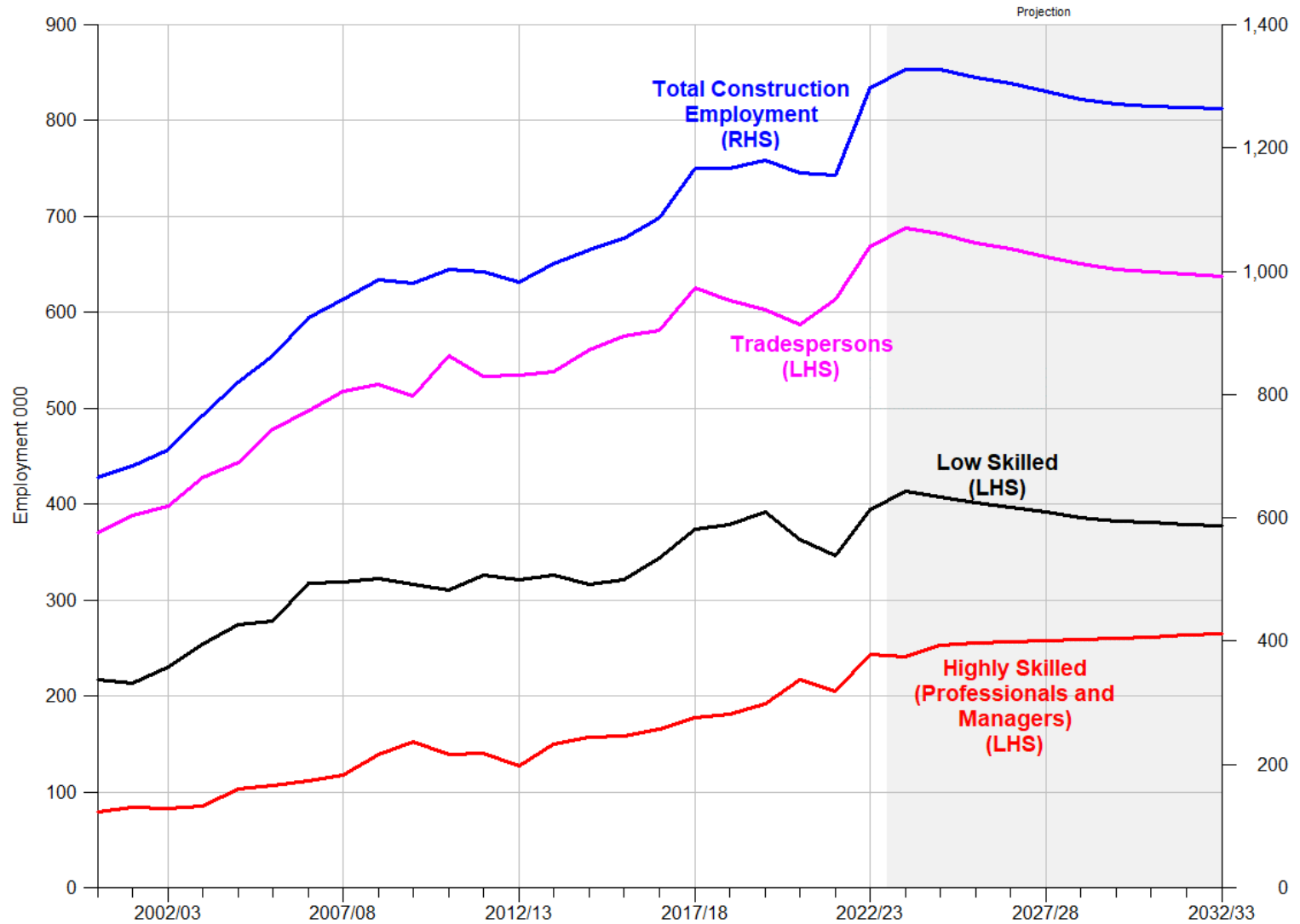
# Value of Work Done by Major Category

\$ million, 2021-22 prices





# Construction Employment by Skill Category



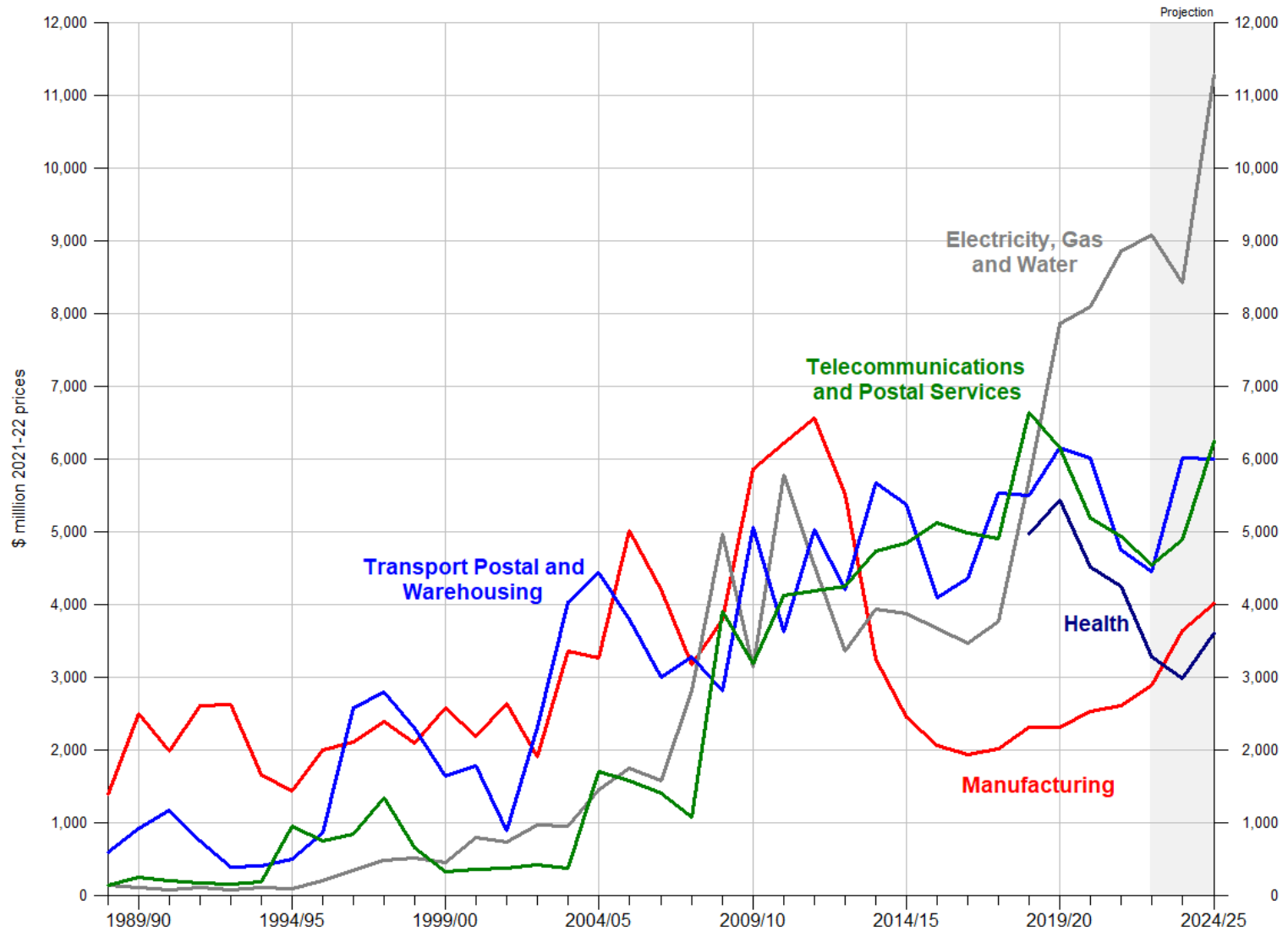
# Forecast Summary

		2021-22	2022-23	2023-24(f)	2024-25(f)	2025-26 (f)	2026-27 (f)
Residential Building	\$ billion	121.7	117.1	114.8	112.4	113.2	116.6
Non Residential Building	\$ billion	51.1	54.1	57.9	59.2	59.9	59.7
Heavy Industry incl Mining Construction	\$ billion	24.6	25.1	29.6	30.3	31.2	31.7
Infrastructure Construction	\$ billion	75.3	87.4	96.1	99.1	99.7	98.3
<b>Total</b>	<b>\$ billion</b>	<b>272.7</b>	<b>283.7</b>	<b>298.4</b>	<b>301.0</b>	<b>304.1</b>	<b>306.3</b>
Residential Building	% change	2.4	-3.8	-1.9	-2.1	0.8	2.9
Non Residential Building	% change	2.0	5.8	7.1	2.2	1.2	-0.3
Heavy Industry incl Mining Construction	% change	-9.0	2.2	17.8	2.5	2.9	1.7
Infrastructure Construction	% change	8.2	16.1	10.0	3.1	0.7	-1.4
<b>Total</b>	<b>% change</b>	<b>2.7</b>	<b>4.0</b>	<b>5.2</b>	<b>0.8</b>	<b>1.0</b>	<b>0.7</b>

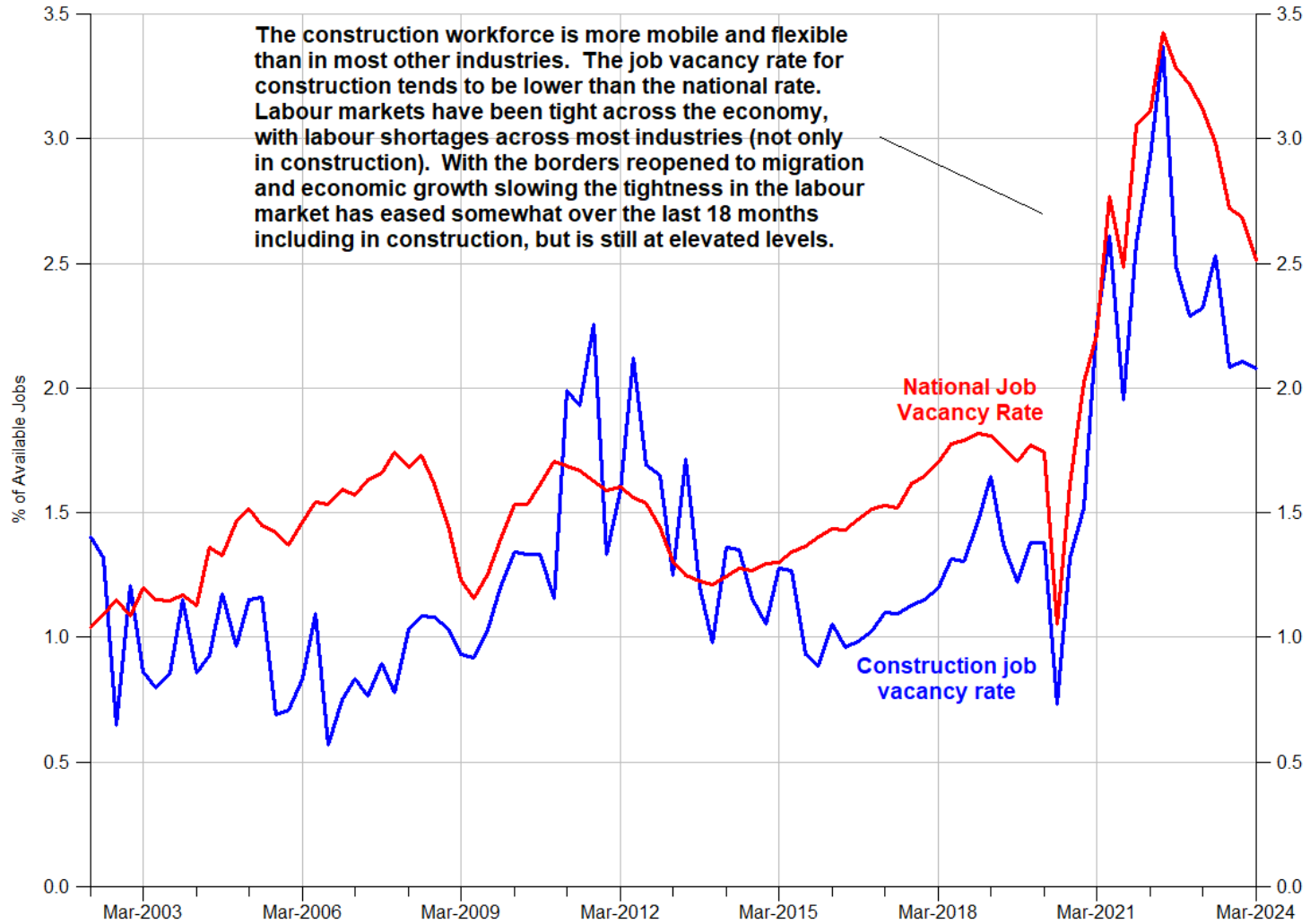
Source: ABS 8752.0, 8762.0, ACIF forecast

# Spares / Panel Discussion

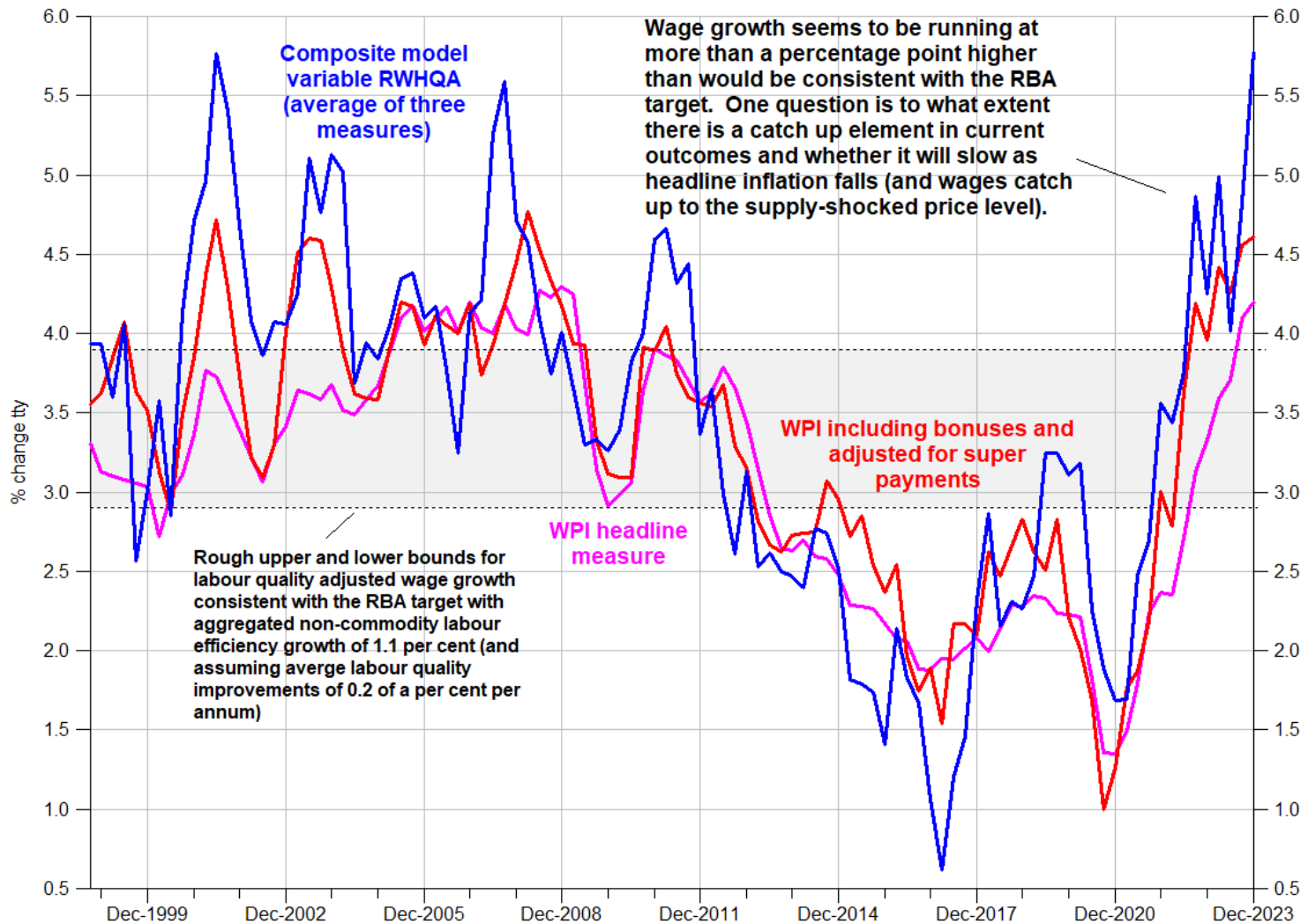
# Construction Capital Expenditure Plans ABS CAPEX Survey Selected Industries



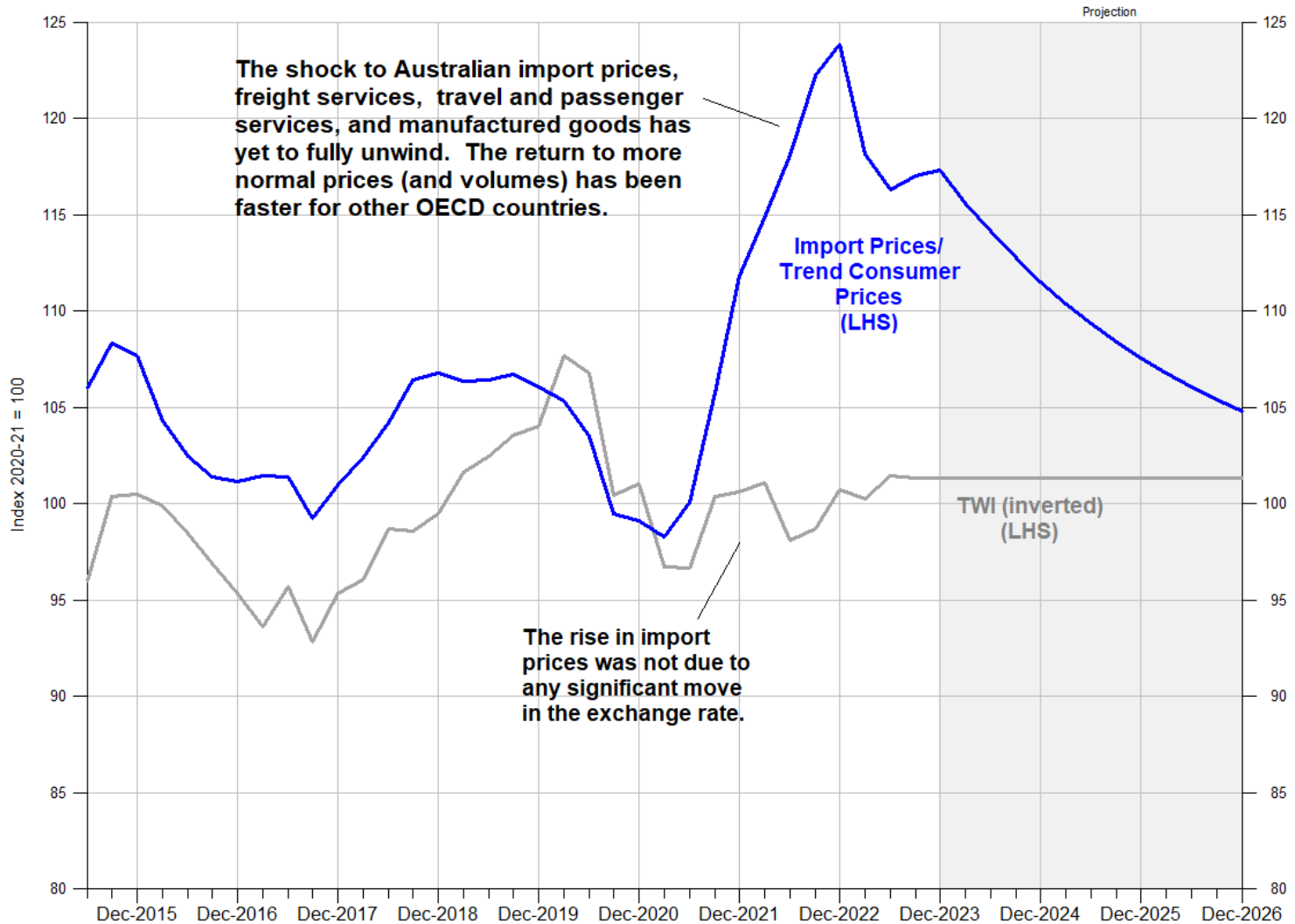
# Job Vacancy Rate: Construction and National



# Wage Growth and the RBA's Inflation Target



# Import Prices and the Exchange Rate (Inverted)



# Net Migration (4 quarter rolling sum)

