

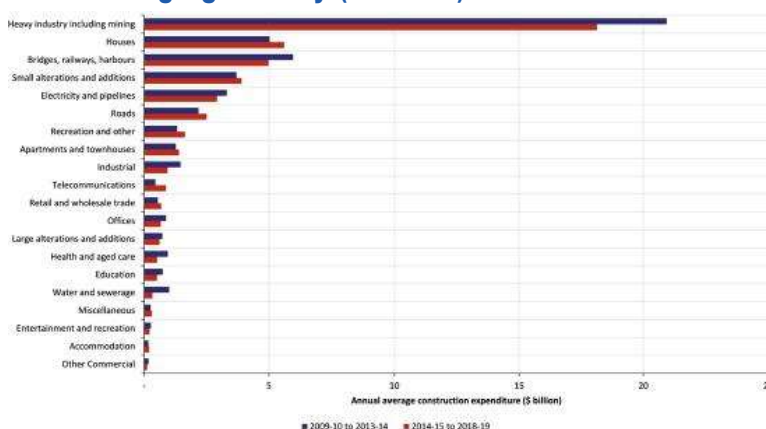
**MEDIA RELEASE – FOR IMMEDIATE RELEASE**

**16 December 2014**

## **WA Winners and Losers revealed in ACIF Construction Activity Forecasts**

The peak engineering construction spend of \$42.9 billion reached in 2012-13, fell by 4 per cent to \$41.16 billion in 2013-14. This trend is forecast to continue, with engineering construction activity falling by around 10 per cent per annum over the next three years down to around \$28 billion dollars by 2017-18. In the long term, spending is expected to return to a historical growth trend at around 3 per cent per annum through to 2023-24.

### **State Changing Activity (\$ billion)**



Residential building spending in Western Australia increased in 2013-14 to \$11.3 billion from the \$10 billion recorded in 2012-13. Over the projection period, total spending is not expected to go beyond \$12 billion dollars as outlook on housing demand remains low as a result of waning mining spending. While growth in residential is not as strong as in other states, the underlying level of spending will remain relatively high in comparison to historical terms at around \$11.5 billion dollars per year on average out to 2023-24.

Non-residential spending has continued to decline from the peak in 2011-12 of \$6.2 billion to reach \$5.3 billion in 2013-14. The decline in education building spending is a large component of this however there has also been a significant decline in industrial construction spending over the past three years. Nonresidential spending is projected to continue on a downward trend for the rest of the projection period to \$3.7 billion by 2023-24, which is a higher level of spend compared to the average observed in the past decade.

The winners over the next five years will include houses, roads and telecommunications. Declines are likely to be seen in heavy industry and in the associated industries of bridges, railways and harbours, and electricity and pipelines. This chart also is a reminder for how spending in heavy industry including mining dwarfs all other construction sectors in Western Australia.

The forecasts are included in ACIF's Australian Construction Market Report, covering the national, state and territory markets for residential and non-residential building, and engineering construction. The Report gives forecasts out to 10 years for 20 asset types across the three sectors.

A free Summary Report is available from ACIF's website at [www.acif.com.au/shop](http://www.acif.com.au/shop).

"Since the release of ACIF's May 2014 Construction Market Report, there have been a number of developments in the global and domestic macroeconomic outlook," said Peter Barda, the Executive Director of ACIF.

"Global economic growth has been revised downwards following lower than expected growth in the first half of 2014. Australia's economic growth of 2.5 per cent in 2013-14 was generally in par with what we had foreshadowed six months ago. However, a sluggish recovery in Europe and a strong domestic currency means that interest rate rises are likely to be deferred to encourage consumption spending until at least the end of 2014-15 – a later date than thought earlier in the year," said Mr Barda.

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The highly regarded forecasts are produced for ACIF by ACIL Allen Consulting and the ACIF's Construction Forecasting Council, a unique group of the industry's leading economists and analysts.

"ACIF is proud to provide the construction industry with this Report, delivering forecasts of activity that provide cost effective inputs to planning for private and public sector organisations across the country, and in many overseas countries", said Mr Barda. "We are grateful to the highly skilled and professional team that puts the forecasts together."

"Our forecaster ACIL Allen Consulting is the largest Australian owned, independent, economic and public policy consulting firm in Australia. They provide the Report's analysis of the factors driving supply and demand, the economic scenarios that underpin the forecasts, and a set of leading indicators that help track movements in economic conditions, as well as the Forecasts themselves."

"Cordell Information provides critical data on projects with values of \$20 million and above to inform our forecasts. Cordell is the leading authority on project activity and building cost information in Australia."

"The members of our Construction Forecasting Council are leading industry economists and researchers. Members of the CFC provide the forecaster with relevant input data from their areas of expertise, identify issues requiring additional explanation. They review the recommendations of the forecaster during each forecasting cycle, and approve the forecasts before they are released."

ACIF Forecasts are published twice a year in May and December. The Forecasts are available as Construction Market Reports with data and commentary, or as data reports tailored to the user's needs from the Customised Forecasts Dashboard. More information is available on the ACIF website at [www.acif.com.au/forecasts](http://www.acif.com.au/forecasts).

#### About ACIF

Australian Construction Industry Forum (ACIF) is the peak body and meeting place of the leaders of the construction industry in Australia. ACIF facilitates and supports an active dialogue between the key players in residential and non-residential building, and engineering construction, other industry groups, and government agencies.

ACIF Members are the most significant Associations in the industry, spanning the entire asset creation process from feasibility through design, cost planning, construction and building and management. ACIF harnesses the resources of its Members to research and develop initiatives that benefit businesses of all sizes, from the largest of construction companies to small consultancies.

Information about ACIF is available from [www.acif.com.au](http://www.acif.com.au).

#### About ACIF Forecasts

ACIF Forecasts are rolling ten year forecasts of demand across residential, non residential and engineering construction in Australia. The Forecasts are prepared by respected economic consultants ACIL Allen Consulting and overseen by ACIF's Construction Forecasting Council, an industry panel of expert analysts and researchers.

ACIF Forecasts are used by thousands of professionals each year, from across the full range of stakeholders, from major organisations to small consultancies. Updates to the ACIF Forecasts are released as Construction Market Reports and as data on the Customised Forecasts Dashboard, which enables user to tailor queries to suit their location, work types and the time period of interest to them. More information about ACIF is available from [www.acif.com.au/forecasts](http://www.acif.com.au/forecasts).

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