

Media Release



MASTER BUILDERS
A U S T R A L I A

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Commercial Construction Set To Surge To Best Year In A Decade

Activity in the commercial construction sector is set to have the best year in more than a decade.

“With forecast growth of more than 14.5 per cent (equal to \$5.3 billion) commercial building activity will be strong enough on its own to drag the whole industry back into positive territory for the first time in four years,” Matthew Pollock, Master Builders Australia’s National Manager Economics said.

The latest *Building & Construction Industry Forecasts* produced by Master Builders Australia show that total commercial construction activity is expected to contribute \$42 billion to the economy in 2017-18.

“With a small moderation expected in the value of residential construction work and another year of consolidation in the engineering sector, the timing of this surge in commercial construction couldn’t be better,” Matthew Pollock said.

“Better yet, new commercial construction projects will provide job opportunities for workers who may be finishing up on major high density residential projects over the next 12 months or so,” he said.

“New retail related construction is expected to rise to \$6.9 billion in 2017-18, led by the recent introduction of some big international retailers, including Amazon which recently built a large distribution centre in Melbourne’s Dandenong South and plans by Aldi to open another 30 stores across the country in the next 12 months,” Matthew Pollock said.

“Asia continues to be a strong source of tourist visitor numbers, particularly from Japan, South Korea, Malaysia and China. Asian investment is following the tourists with \$4 billion committed to the construction of new pipeline of resorts and hotels with Queensland’s resort sectors forecast to do particularly well,” he said.

“Looking a little further down the track, the Government’s investment in major transport infrastructure is ramping up and will support a boom in transport related construction over the next 5 years. There are currently more than \$170 billion in transports projects in the pipeline, with activity expected to peak in 2019-20. This work will provide jobs for years and also provide much need productivity enhancing infrastructure. Master Builders has called for a greater focus on infrastructure investment to support businesses, but also to boost new housing supply and help with housing affordability,” Matthew Pollock said.

“On the residential building front, the last three years saw unprecedented growth in new housing construction. We have built more than 200,000 new dwellings per year – a feat unmatched in our history,” he said.

“Despite the forecast showing a moderation in new dwelling construction, we expect new commencements in 2017-18 to top 195,000 and average around 185,000 thereafter. To keep pace with population growth we will need to build at least 185,000 new dwellings each year for the next five years,” Matthew Pollock said.

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