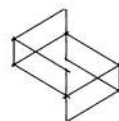


Construction Trends & Projections 2023



CHEST
COMMERCIAL PROJECTS



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The global construction output, which was valued at \$10.7 trillion in 2020, would increase by 42%, or by \$15.2 trillion, in 2030.

A surge of publicly sponsored infrastructure projects is expected to help global construction recover in the upcoming years. Historically, infrastructure projects have been a significant driver of economic growth.

This investment comes at a time when tight labour markets are restricting and global supply chain disruptions are impeding the delivery of goods. Because of the supply-demand gap, construction material and labour prices will continue to increase, which could lead to cost overruns, project delays, or even cancellations.

China is poised for a construction boom as the government looks to infrastructure spending to counteract the real estate decline and aid with the revival of the economy after the Shanghai shutdown.

Top 10 Global Construction Markets by 2030

1. China: 24%
 2. India: 7%
 3. Japan: 4%
 4. United States: 14%
 5. Germany: 3%
 6. Australia: 3%
 7. United Kingdom: 3%
 8. France: 1.8%
 9. Indonesia: 4%
 10. Canada: 1.7%
- Other: 34%

China is poised for a construction boom as the government looks to infrastructure spending to counteract the real estate decline and aid with the revival of the economy after the Shanghai shutdown.

Anticipated Project Delays

High input cost inflation periods can result in cost overruns, delays, and cancellations of projects.

We are already observing a rising gap between construction approvals, commencement, and completion in a number of geographic locations, as well as an increase in dropout rates as more and more authorised projects are postponed or abandoned.



Carbon Footprint of Construction

Recent data show that the worldwide building industry is a major source of carbon emissions. The Royal Academy of Engineering estimates that the global construction sector is responsible for 11% of all emissions.

This calls for more innovative solutions in the construction sector.



Innovations in the Construction Industry 2023

Following a turbulent year, the construction sector will expand and innovate in 2023.

Customers' increased expectations and need for more alternatives from the builders will give birth to a more competitive market. Watch out for the following trends in the construction business in 2023:

Modular Designs

Modular construction will become the preferred technique for building infrastructure. It is where a building is constructed off-site and assembled on-site. This encourages faster construction times and greener practices.

The same regulations that apply to traditionally constructed structures also apply to modular buildings. Modular design is still appealing to contractors and their clients since it can reduce building time by half.

With this design approach, there is no chance of weather-related delays because work is done in controlled factory settings rather than on-site. Additionally, since on-site work and modular construction may both be done at the same time, there is no waiting for other teams to finish their assignments.

The modular construction method also produces less trash. Building workers may manage inventories and recycle old materials.

Green Construction

Sustainability will be the name of the game for the building sector in 2023.

One of the current hot-button problems is climate change, and the building sector contributes significantly to fossil fuel emissions, as stated above.

The building sector is making significant efforts to lessen its environmental impact as global awareness of the severity of climate change grows. In fact, The Australian government, in collaboration with the Clean Energy Finance Corporation (CEFC), announced the Timber Building Program in February 2022 to encourage the use of mass timber as a greener alternative to traditional building materials.

In comparison to steel and concrete, the use of mass timber lowers carbon dioxide (CO₂) emissions by up to 75%.

By investing in environmentally friendly building materials and processes, experts in the construction business stand to earn significantly.

Design Technology

Almost every facet of the building sector is influenced by technology. No wonder Building Information Modeling (BIM) technology is growing in popularity today.

Before construction even commences, BIM reimagines the design and manufacturing process, creating a virtual architectural model. BIM saves a significant amount of time and money for everyone involved in the project.

Reduced Workforce

There are 50% more job vacancies in the construction sector today than there were in 2014. However, only 14% more people are employed in the sector.

This may be resolved by using high-tech tools, automation, or other construction advancements that help them finish projects without having to hire large personnel to handle them all.



The Future of Australia's Construction Industry

Australia is one of the few of the top 10 construction markets in the world that could best use more public finance to help build infrastructure.

The need for infrastructure and residential buildings will be driven by expanding populations and urbanisation throughout developing countries, including Australia. Permanent inward immigration will likewise sustain demand for infrastructure.

The construction of new workplaces is necessitated by a growing working-age population.

Australia's population of working age is forecasted to increase by close to 1% a year until 2030.

We anticipate increasing demand for industrial and logistical space to support development in online commerce and manufacturing. This need will be supported by the rise in working-age populations in the country.

For example in Perth, the prime industrial rents have risen to 11.1% this year and are likely to rise further over the next three years as the state's economy recovers from the pandemic. The same trajectory is expected across all Australian regions.

Australia's infrastructure will see expansion, averaging 3.4% a year from now until 2030.



China and Australia's Partnership

In terms of imports and exports, China is currently Australia's biggest commercial partner. Australia is China's fifth-largest import supplier and tenth-largest export client, making it the country's sixth-largest trade partner. Australia buys 25% of its manufactured goods from China, while it sends 13% of its thermal coal to the country.

China's needs will transition from raw commodities to carefully redesigned goods, services, and knowledge as it enters its next stage of growth. Australia has some advantages in the supply of goods, including iron ores. Additionally, it is conveniently located for exporting minerals to China. And with transportation expenses accounting for up to 10% of the value of minerals, Australia may see a surge in demand for iron ores.



Australia's Construction Labour Forecast

Given that the newly elected government is focused on infrastructure spending and has increased budgetary allocations for renewable energy projects, the skilled labour shortage is likely to worsen in the near future. This may have a significant impact on commercial construction activities across Australia.

The whole Australian market has seen a rise in the labour force since 2021. However, the trend of hiring new workers

is slightly slower in the construction sector of 2021, the total number of workers across all industries has climbed by 5.5%. In contrast, the construction sector acquired just 0.3%. While this was happening, the value of construction operations increased by more than 4.7%.

This demonstrates clearly that the rate of increase in the labour force for construction is not keeping pace with the escalating demand from the sector.



Construction Costs in Australia May Ease in 2023

According to the international consulting firm RLB, the pace at which construction prices are rising will slow down next year.

For instance, Melbourne's construction cost inflation is forecasted to be cut in half—from 8% this year to 4% in 2023. On the other hand, Sydney's will decline from 6.9% to 3.9%.

The Gold Coast is expected to have an even more significant dip as cost growth falls from 11.5% to 5.5%. Similar predictions were made for Brisbane, where it is likely to decline from 10.5% this year to 5.1% in 2023.

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