

ACIF Forecasts answer the big questions including the "Trump Bump"

ACIF Forecasts released in May

Australian Construction Industry Forum (ACIF) will launch its new ten-year forecasts for building and construction on Thursday 4 May, at the ACIF Briefing to be held at International Convention Centre Sydney.

Business and government delegates will enjoy a networking breakfast before presentation of the ACIF Forecasts for May 2017 - the industry's most comprehensive forecasts until 2028, including the work demand for all sectors and the major projects driving much of it, and the labour needs and costs of construction it will take to complete it.

The ACIF Forecasts have been published since 2002 and are renowned as highly relevant and reliable forecasts for businesses in this sector. The forecasts include the outlook for residential building, non-residential building and engineering construction across Australia until 2028. Find out more about the ACIF Forecasts [here](#).

Today, the Australian building and construction industry is buffeted by strong international factors. In the May 2017 ACIF Forecasts, industry-leading forecasters will answer the big questions that directly or indirectly impact every company and employee in the building and construction industry, and the allied manufacturing and property sectors.

Will the "Trump Bump" affect the Australian construction market?

Markets have already driven up yields on longer term debt in the US and in Australia. The Fed in the US has raised official interest rates and foreshadows that more increases are on the way. The Reserve Bank of Australia is again in the spotlight as it seeks to take these and other factors into account when setting interest rates. What exactly are the factors that are weighing on the Reserve Bank right now? What changes in official interest rates, investment and building and construction work are looming?

Foreign investor interest - waxing or waning?

Foreign investors have been busy, especially in residential property. Most recent official statistics show that foreign demand has soaked up a significant share of new apartments and this has probably contributed to sharp increases in prices and problems with housing affordability, especially in Sydney and Melbourne.

Foreign property investors are now subject to additional taxes and charges and closer supervision. Meanwhile some of the economic fundamentals are shifting. Regulators in China, the key origin of many foreign investors, are tightening their own controls on capital outflows. The economic fundamentals such as exchange rate differentials and interest rates differentials are also less favourable for foreign investors.

How are foreign investors expected to react? What difference will this make to the outlook for residential construction activity and other construction market outcomes?

Where is the multi-speed economy taking construction?

Swings in the economic fortunes of key industries have driven the Australian states in different gears and different speeds. Western Australia and Queensland raced ahead given the once in a lifetime mining development boom. The housing construction boom, producing record rates of growth in the building of new houses started in Victoria, spread out to other states, including Queensland, and arrived belatedly in New South Wales. These cycles are now in decline or are about to reach a tipping point. How will further changes in gears in the economic engine room shape outcomes in activities such as tourism and education? Will demographic factors continue the surge in demand for health and aged care services and facilities? Will the coming waves of change and economic volatility continue to have an uneven impact on the different states? Almost certainly. This will also have an uneven impact on construction work and employment.

How will rising interest rates impact on the outlook for construction work and employment?

Record low interest rates have driven a resurgence in housing investment, higher house prices in key markets and higher household debt. Commentary abounds on how rising interest rates will affect housing prices, and whether this will return housing affordability to more normal levels. Some analysts are concerned about the stability of the banking system and the national economy if debt fuelled growth continues. How can we sidestep these problems? What policy settings are required and where will good luck or good management prevail? How will this impact the outlook for construction work and employment?

ACIF Forecasts will be launched at the ACIF Briefing industry breakfast on Thursday 4 May 2017 in Sydney before full release to the building and construction industry the following week. Registration for the ACIF Briefing is available online here:

<https://www.acif.com.au/events/event/acif-briefing-may-2017> . More information about the ACIF Forecasts is here: www.acif.com.au/forecasts.

About Australian Construction Industry Forum (ACIF)

Australian Construction Industry Forum (ACIF) is the cohesive, trusted voice of the Australian Construction Industry. 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's focus is on innovation, collaboration, equity and sustainability for the industry.

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. More information on ACIF is available from 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 modellers, using high quality data sources, and are 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. ACIF Forecasts are available as the Australian Construction Market Report, and detailed numbers are available by subscribing to the Customised Forecasts Dashboard. More information about ACIF is available from www.acif.com.au/forecasts.

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