

June 2018

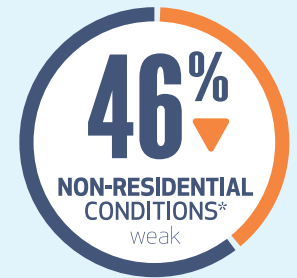
SNAPSHOT

Survey of Industry Conditions



QUEENSLAND

State-wide the non-residential sector continues to struggle. While residential conditions remained subdued, it's safe to say we're looking forward to a more stable future. For many respondents turnover and revenue has improved but they continue to battle with a downturn in profitability. Increasingly, they find themselves being squeezed between unchanging contract prices, and rising labour and material costs.



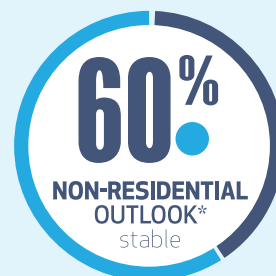
GREATER BRISBANE

Trading conditions in both the residential and non-residential sectors remain weak. In the case of non-residential construction this is expected to stabilise over the coming three months and improve significantly for residential construction. Supporting the improved outlook is an improvement in turnover and revenue, alongside more stable contract prices and profitability. The high cost of labour and materials continues to provide the greatest challenge.



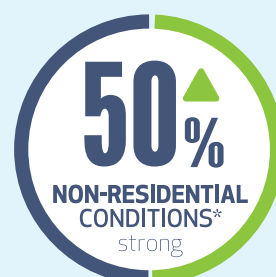
GOLD COAST

Both the residential and non-residential sectors continued to struggle but both sectors are looking forward to a more stable future. While there has been an improvement in turnover and work in progress, contract prices have stagnated. With the continued rising cost of labour and materials this is putting a very real strain on profitability.



SUNSHINE COAST

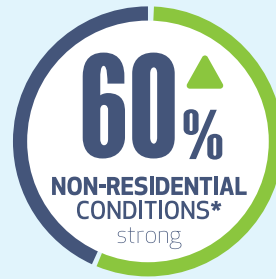
There was a large improvement in trading conditions for both the residential and non-residential sectors and continued optimism for the future. The optimism is well-founded with turnover, profitability and new contracts all being reported back as strong. The shortage of available land and qualified staff were reported as the most significant constraints in the region, which is further evidence of a region well into a growth cycle.



*percentage of total respondents

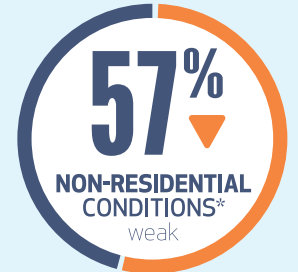
DOWNNS & WESTERN

The non-residential sector continues to improve, while the residential sector has had a quiet quarter. Looking forward and the reverse is expected, with non-residential builders believing that they've seen the peak, and residential builders hopeful that there are improvements to come. Stable turnover and contract prices are supporting good profit and employment levels. At the same time, rising labour and material costs are a critical constraint on businesses.



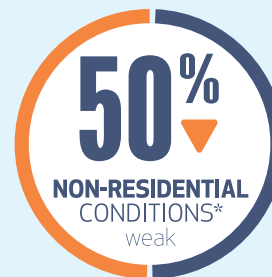
WIDE BAY BURNETT

Respondents continued to report conditions well within negative territory for both the residential and non-residential sectors. This is expected to improve in the coming three months with turnover, profitability and contracts all looking stable. The top constraint continues to be the high cost of labour and materials.



CENTRAL QUEENSLAND

Trading conditions in both the residential and non-residential sectors fell away over the quarter. Looking forward, improvements are expected off the back of higher levels of turnover and new contracts. There's no expectation, however, that this will be converted to improved profitability or employee and apprentice levels. Growing labour and material costs continue as significant constraints in the region.



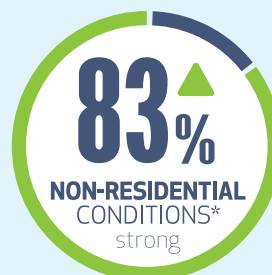
MACKAY & WHITSUNDAY

Trading conditions for the residential sector improved, while the non-residential sector struggles. Looking forward builders are hopeful that there are more improvements to come. The confidence is based on improved turnover and higher work-in-progress. Contract prices, on the other hand, are stable while labour and material costs continue to surge higher. This will continue to challenge profitability.



NORTH QUEENSLAND

There has been a significant improvement in trading conditions for both the residential and non-residential sectors but this will only be short-lived. The poor outlook is based on weaker turnover, profitability and contract prices. The challenges caused by continued low level of demand has now reached a critical level.



FAR NORTH QUEENSLAND

Both non-residential and residential conditions remained muted over the quarter. Stable turnover, profitability and contract prices are expected to help trading conditions in residential sector going forward but the non-residential sector will continue to struggle. The difficulties in obtaining finance for new projects is a critical constraint acting on the region.



*percentage of total respondents

Hot topic RESIDENTIAL DEMAND

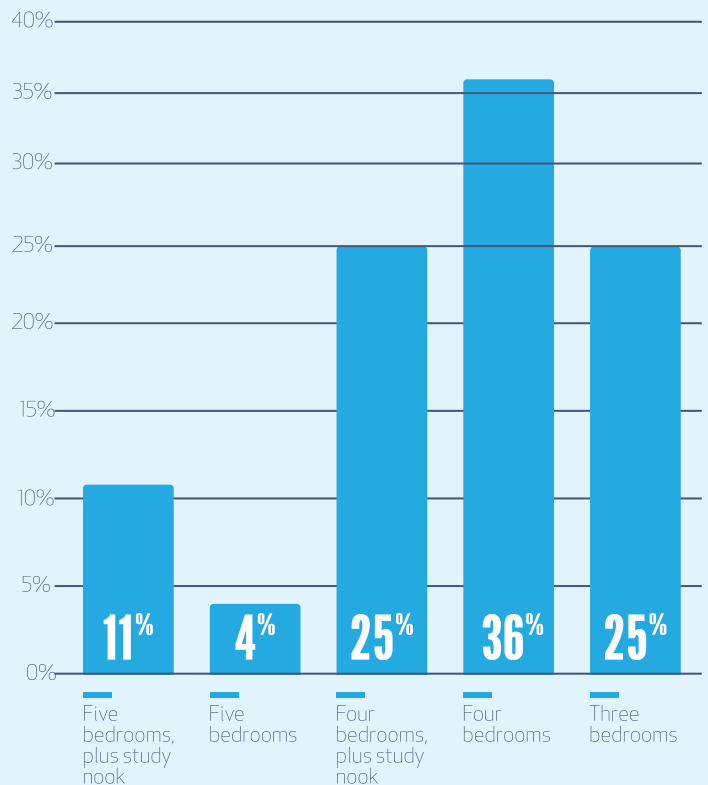
We like to know what people are after when they're building a new homes, so this quarter's Hot Topic explored residential demand and the prevalence of smart technology.

Four-bedroom houses make up the bulk of residential demand (36 per cent). While builders can expect the majority of their work to come from four-bedroom plus houses, there is clearly a market niche for smaller houses with three-bedroom houses coming in at 25 per cent of the market. This is going to become an increasingly important segment as urban infill on small lots becomes more common.

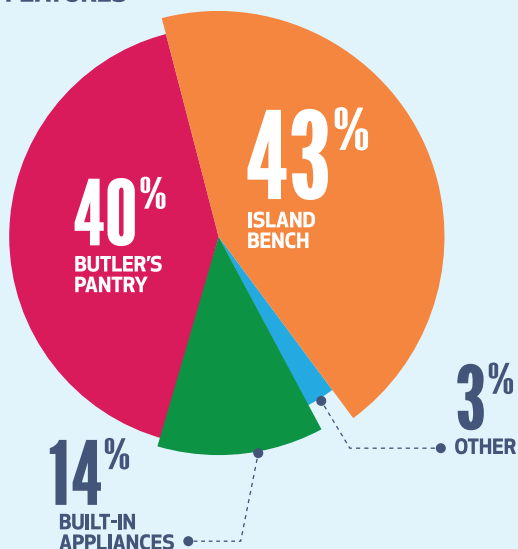
Inside the house, the most regularly requested kitchen feature is an island bench. Butler's pantries have also clearly become a "must have".

The demand for renovations is growing and when embarking on a renovation, people are most likely to tackle the whole house (33 per cent). Bathroom and kitchen renovations are also an important source of work.

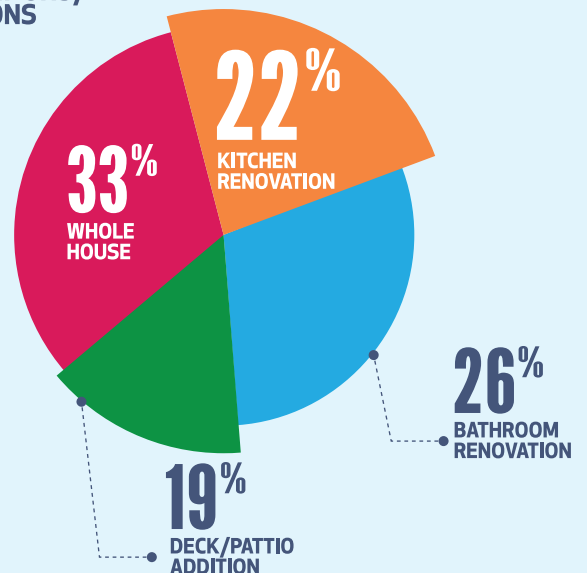
HOUSE TYPES



MOST REQUESTED KITCHEN FEATURES



MOST COMMON RENOVATIONS/ ADDITIONS



Smart technology

Smart technology has become a 'must have' with four out of five respondents reporting that they are seeing an increase in demand. It's not just confined to high-end projects either, with demand being spread across all segments of the market.

Clients are most likely to look to smart technology in managing their home lighting, but the clever use of technology for kitchen appliances and home security is also in demand.

Other trends

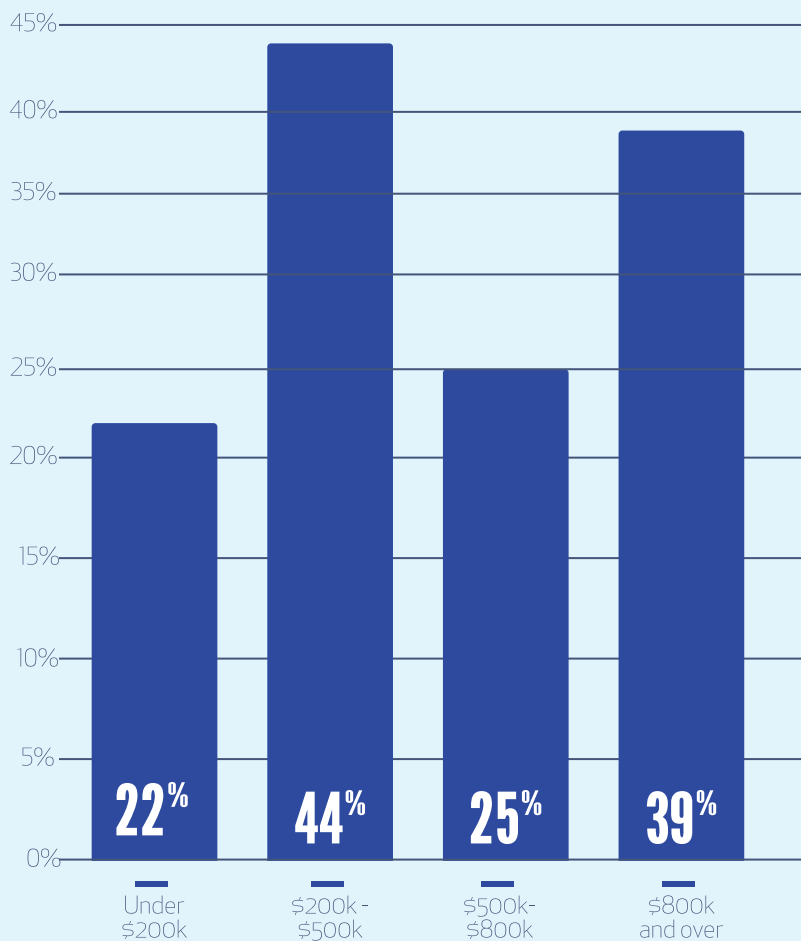
Respondents highlighted an increasing demand for quality and are finding their clients are more prepared to scrutinise it at handover. Clients are also more likely to want a design that is unique to them and are more focused on better aesthetics all round.

They are wanting a home that can bring the inside in.

Security is a big demand item, particularly security screens.

Other observed trends are space to accommodate older relatives, solar power and ensuites to all bedrooms.

MARKET SEGMENTS REQUESTING SMART TECHNOLOGY



REQUESTED SMART TECHNOLOGY

