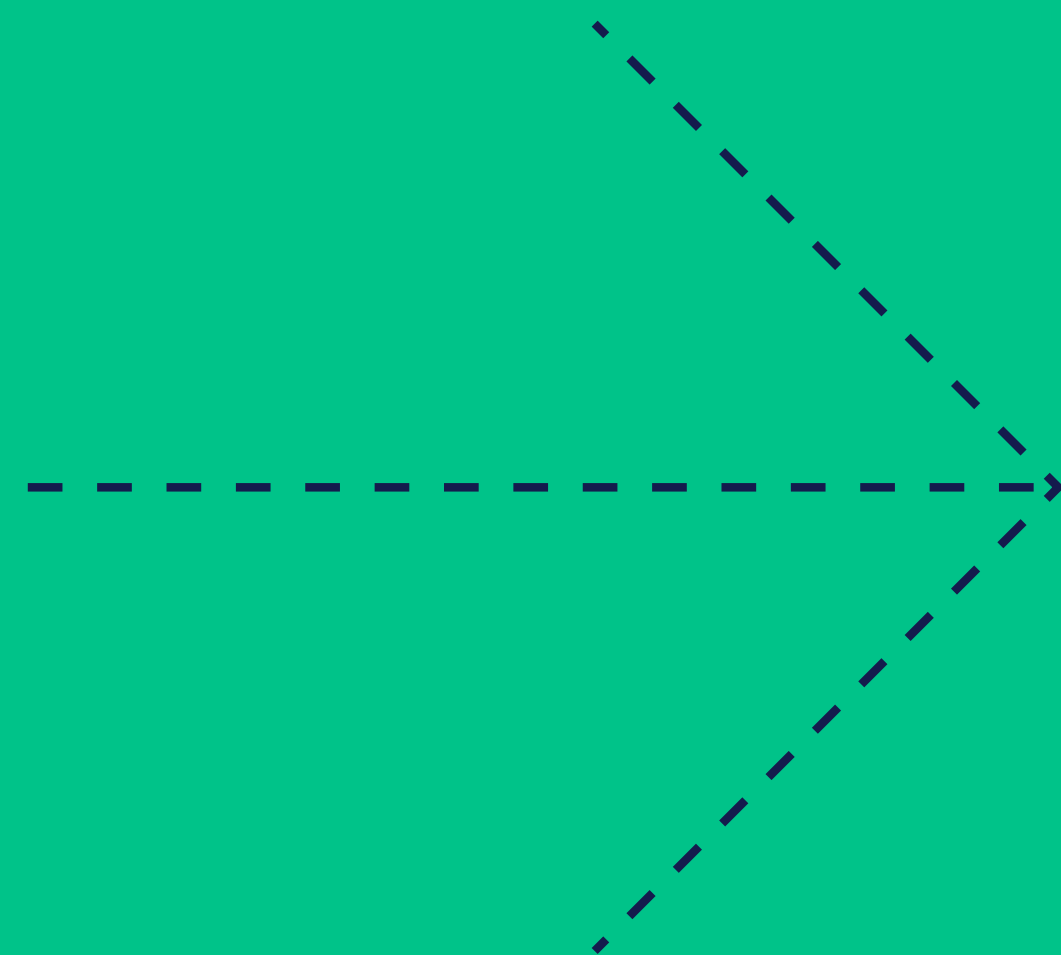


The state of play

Q2 Industry Report 2021

Introduction

Hi, and welcome to EstimateOne's industry report for Q2 2021.



Throughout the peak of COVID in Australia, we helped our network keep abreast of all the industry trends we were seeing through a series of newsletters (if you need to catch up you can do here) – and after some rave reviews, we thought let's not stop a good thing.

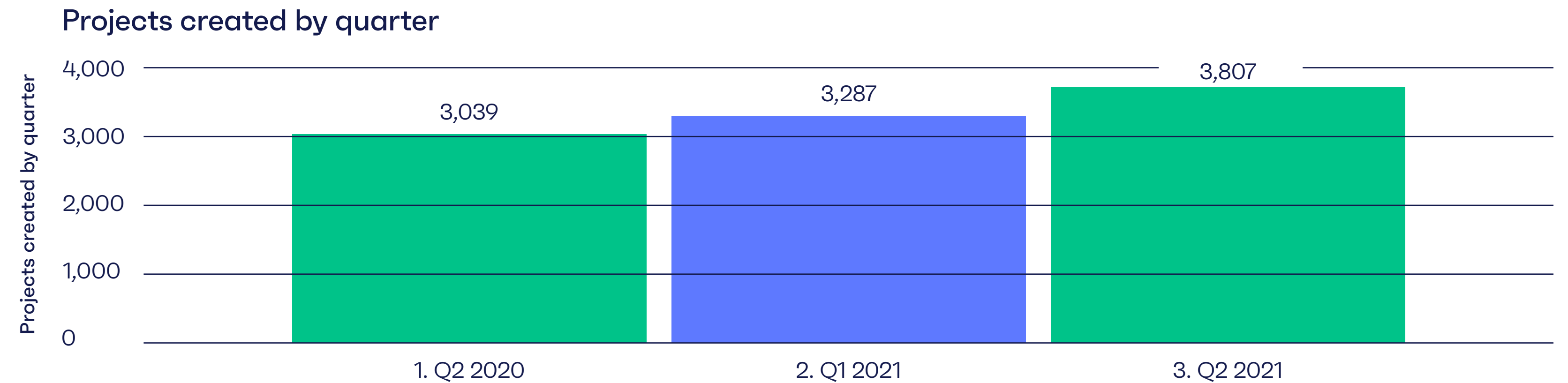
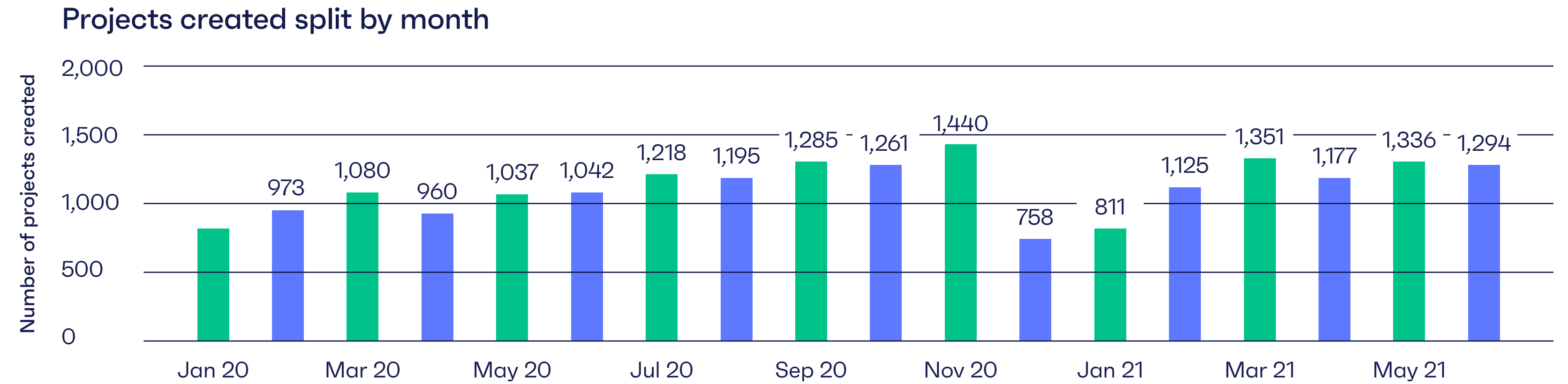
As Australia's leading tendering platform, not much gets built in this country without first gracing EstimateOne. The following report provides you with insights from our own data, as well as a survey of over 800 construction professionals.

We plan to run this survey every quarter to provide a snapshot of what is happening in the industry, so if you have any data points you'd like us to explore in the next report please get in touch.

We're always happy to take a call on **1300 705 035** or respond to an email at **support@estimateone.com**

The state of the market

Tenders added to our noticeboard over month over the last 18 months.



Looking at the quarter by quarter view, we can see steady growth, both year on year and quarter by quarter.

- 15.8% growth in project volume compared to Q1 2021
- 25.7% growth in project volume compared to Q2 2020

Although the number of projects added in the last quarter look less than the volume added in late 2020, the high tender numbers we saw then were a result of a backlog of projects reaching tender as the construction industry began to move after COVID uncertainty appeared to slow the market.

Fastest growing construction categories

Education	1. Q2 2020	473
Education	2. Q1 2021	454
Education	3. Q2 2021	569

25.3%
increase compared to Q1 2021

20.3%
increase compared to Q2 2020

Residential	1. Q2 2020	361
Residential	2. Q1 2021	456
Residential	3. Q2 2021	479

5%
increase compared to Q1 2021

32.7%
increase compared to Q2 2020

What the industry told us

In our survey, we asked over 800 construction professionals about which categories of projects they are noticing increased demand for.

- 50% are seeing an **increase** in Residential projects
- 51% are seeing an **increase** in Education projects
- 31% are seeing a **decrease** in Fit-out projects

Commentary

With the federal government signaling that construction will be one of the arms to bring the economy back on track post COVID – the rise in these categories is likely a result of legislation around home renovation grants and continued funding to state based education construction authorities such as the VSBA.

What those in the industry think will happen next

- 57% predict an **increase** in demand for Aged Care projects
- 50% predict an **increase** in demand for Education projects
- 51% predict an **increase** in demand for other Government projects

Fastest growing construction trades

Electrical Services	1. Q2 2020	2434
Electrical Services	2. Q1 2021	2484
Electrical Services	3. Q2 2021	2884
Hydraulic Services	1. Q2 2020	2211
Hydraulic Services	2. Q1 2021	2229
Hydraulic Services	3. Q2 2021	2636
Demolition	1. Q2 2020	1810
Demolition	2. Q1 2021	1810
Demolition	3. Q2 2021	2120

“The rise in these categories is likely a result of legislation around home renovation grants and continued funding to state based education construction authorities such as the VSBA.”

On the industry in general

As part of the survey, we asked to get everyone's sentiment on how they perceive the construction industry is going.

As of Q2, the overall sentiment was positive.

Currently I would describe the commercial construction industry as...

Booming	137	16.85%
Going well	449	55.23%
Middling	126	15.50%
Not as good as it has been	91	11.19%
In dire straights	10	1.23%

Over the next 12 months I anticipate things to...

Improve	517	63.59%
Stay the same	249	30.63%
Worsen	47	5.78%

Builders

Current		
Booming	37	20.33%
Going well	97	53.30%
Middling	26	14.29%
Not as good as it has been	18	9.89%
In dire straights	4	2.20%

Next 12 months		
Improve	115	63.19%
Stay the same	61	33.52%
Worsen	6	3.30%

Subbies

Current		
Booming	55	14.91%
Going well	206	55.83%
Middling	56	15.18%
Not as good as it has been	46	12.47%
In dire straights	6	1.63%

Next 12 months		
Improve	232	62.87%
Stay the same	112	30.35%
Worsen	25	6.78%

Suppliers

Current		
Booming	41	16.33%
Going well	142	56.57%
Middling	42	16.73%
Not as good as it has been	26	10.36%
In dire straights	0	0%

Next 12 months		
Improve	164	65.34%
Stay the same	71	28.29%
Worsen	16	6.37%

What are the challenges the industry is facing

We were keen to find out in our survey what was happening with the industry. Through our customers feedback, media and industry advocates we have been hearing about knock on effects from the pandemic such as labour and materials shortages.

We asked survey respondents to tell us what they see as the biggest challenge the industry is facing, as well as the biggest problem faced by their business. This is what we found.

The effects of the pandemic are still hurting the industry

When asked via the free field question of what the industry's biggest problem is right now – unprompted a large amount cited the lingering effects of COVID as the industries biggest challenge

- 21.5% of subbies said COVID was the biggest industry challenge
- 23.2% of suppliers said COVID was the biggest industry challenge
- 20.4% of builders said COVID was the biggest industry challenge.

One Subcontractor who works in waste removal summed up the industry's biggest issue as:

[“The pandemic and the way it is spiking. Possible lockdowns are also a concern.”](#)

We also heard from a Supplier who's noted a spike in competitiveness as a result of the pandemic,

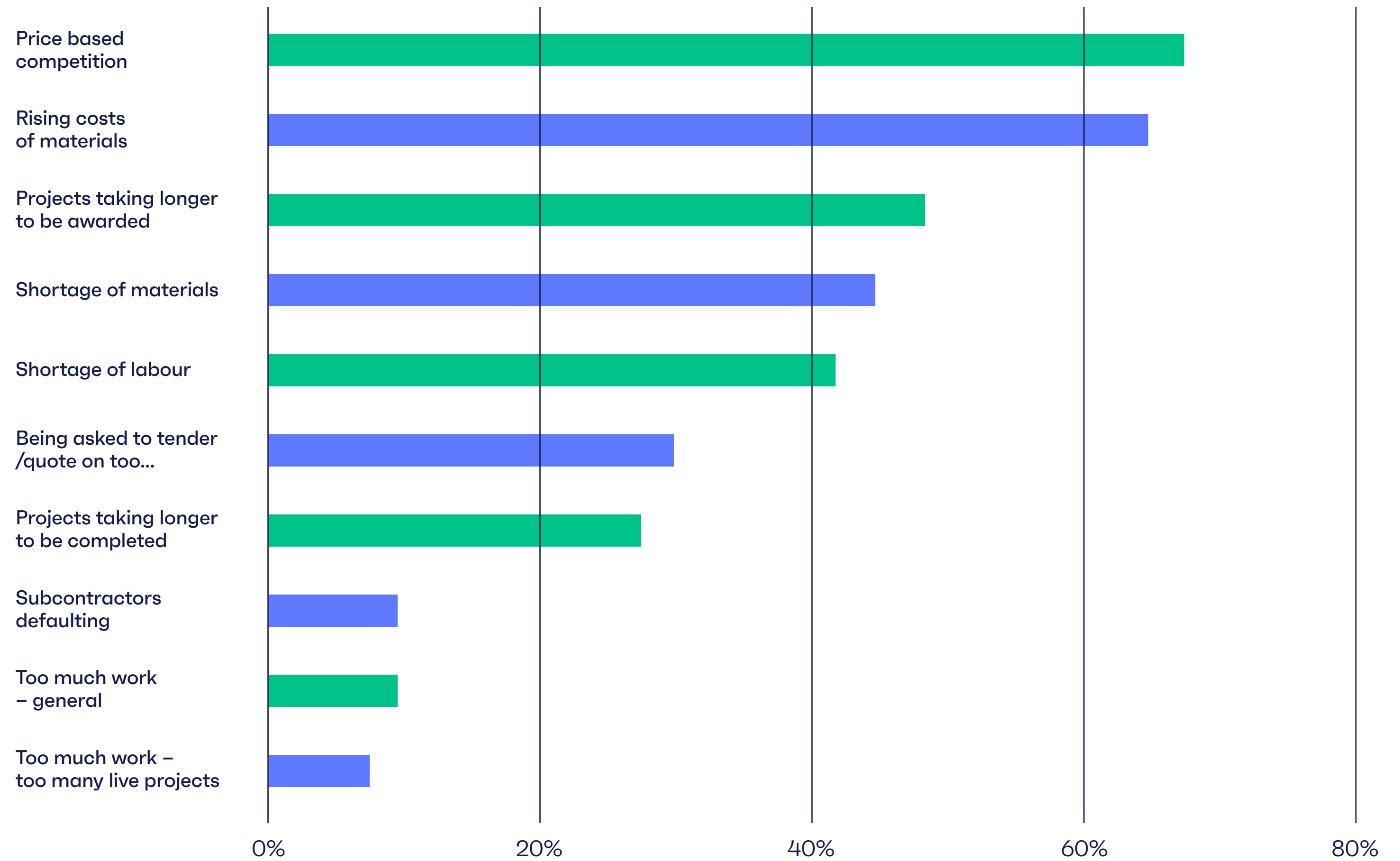
[“Pricing coming out of Covid. Some of the projects won during Covid period in 2020 were won at low margins. Builders then squeeze suppliers to help out.”](#)

A COVID induced materials shortage was also front of mind for many, with one Supplier telling us the biggest industry challenge was...

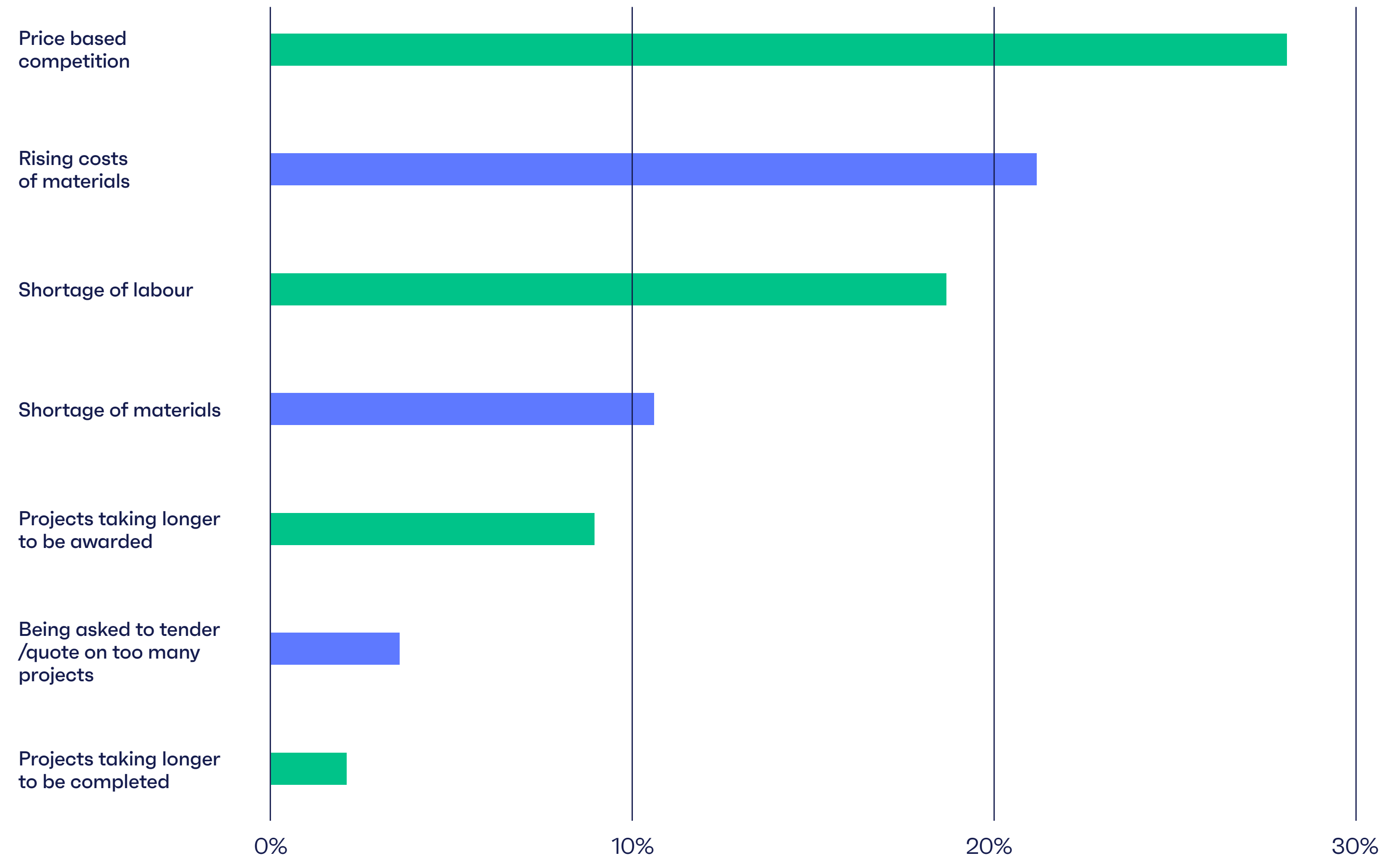
[“Procuring building materials, especially imported products with long lead times. There are many delays caused by COVID.”](#)

Other industry challenges

After asking the surveyee's to self input what they see as the biggest industry challenges, we asked them if any of the following challenges were impacting their business. More than 2/3 of all respondents reported that they were being impacted by price based competition and the rising costs of materials. For builders and subbies, the labor and materials shortage is also having impact.



We then asked which one was having **the biggest** effect on their business...



Broken down into Builders / Subbies / Suppliers we see the 3 biggest industry issues are:

Builders

1.) Rising cost of materials

24.73%

2.) Shortage of labour

21.43%

3.) Price based competition

21.43%

Subbies

1.) Price based competition

28.46%

2.) Shortage of labour

22.76%

3.) Rising cost of materials

20.05%

Suppliers

1.) Price based competition

30.28%

2.) Rising cost of materials

24.70%

3.) Shortage of materials

15.14%

On price based competition

65.4% of those who identified price based competition as having a negative effect on their business, say the problem has gotten worse as a result of COVID

On shortage of materials

For those who listed shortage of materials as their biggest problem;

40.2% are struggling to procure timber
17.2% are struggling to procure steel

On the shortage of labour

We asked the industry to tell us about their current workflow – overall only 11% said they had too much work on. Even those who said a shortage of labour was a biggest issue only polled at 22.2%

Overall, 51.6% of people said they had the right amount, 37.4% said they don't have enough while 11% have too much.

Next on the horizon

12 months ago, we asked our builder audience how they thought their business will fare across the next 12 months.

Asking the same question 12 months later we can clearly see that there is a rising optimism in the industry.

2020



2021



This optimism is shared across our subbie and supplier audience.

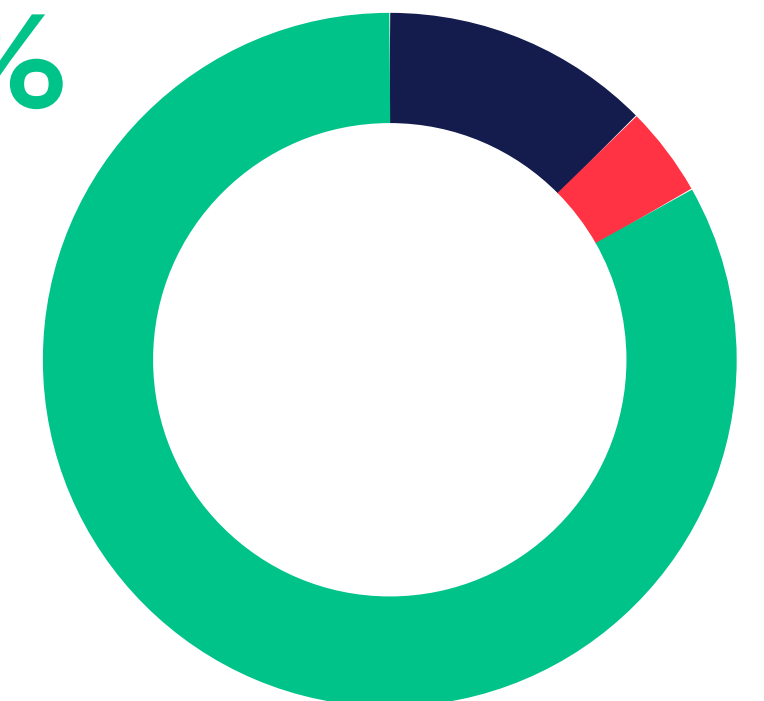
73.2%

Think their business will improve



83.3%

Think their business will improve



Conclusion

Thanks to everyone who answered the survey, and those who help us keep the industry informed.

If you have any industry intel you'd like to share with us – or if you'd just like to chat with someone from EstimateOne, please give us a ring on **1300 705 035** or **support@estimateone.com**

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 **EstimateOne**