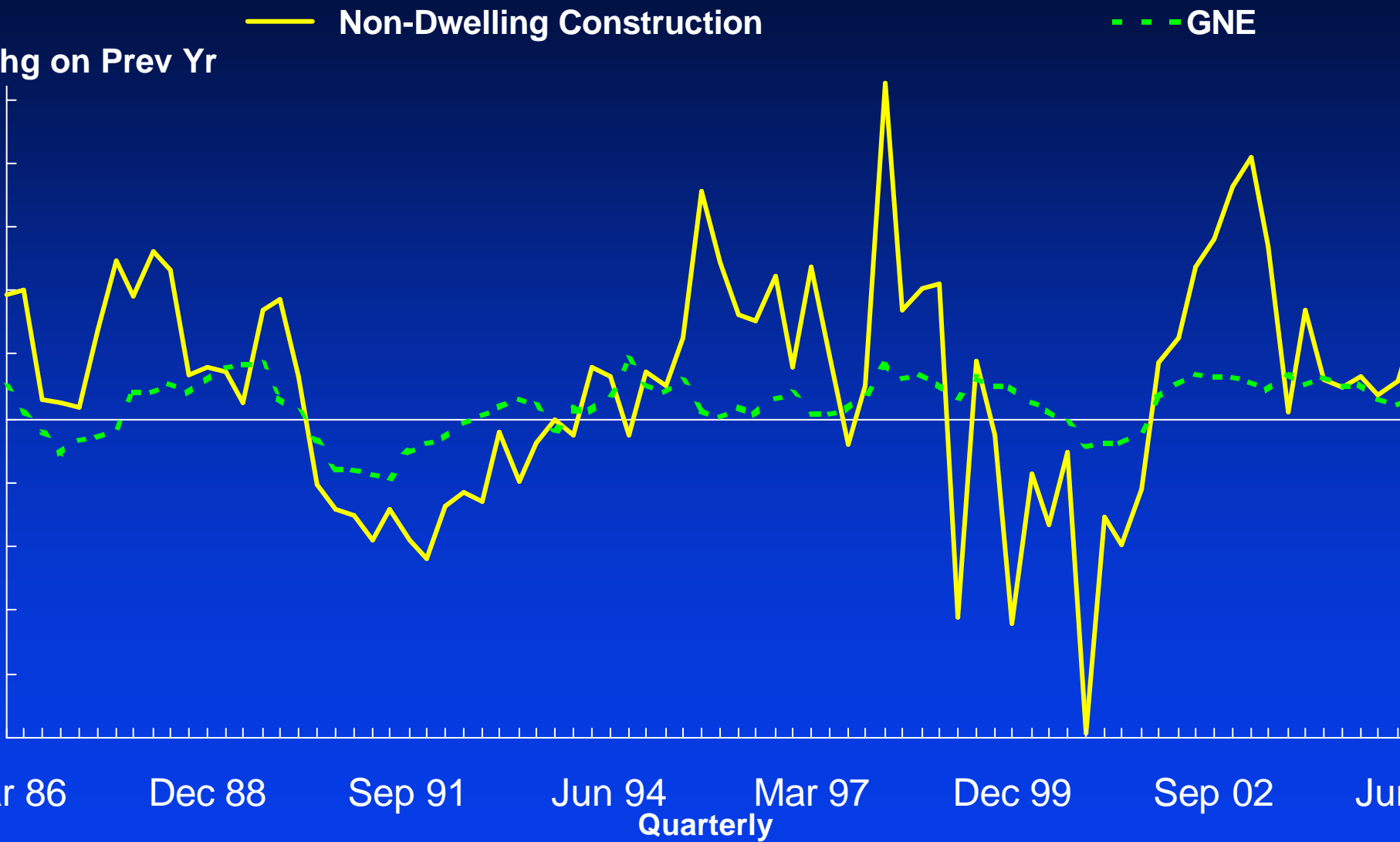


Non-Residential Construction Activity in Australia

David Richardson
Ai Group



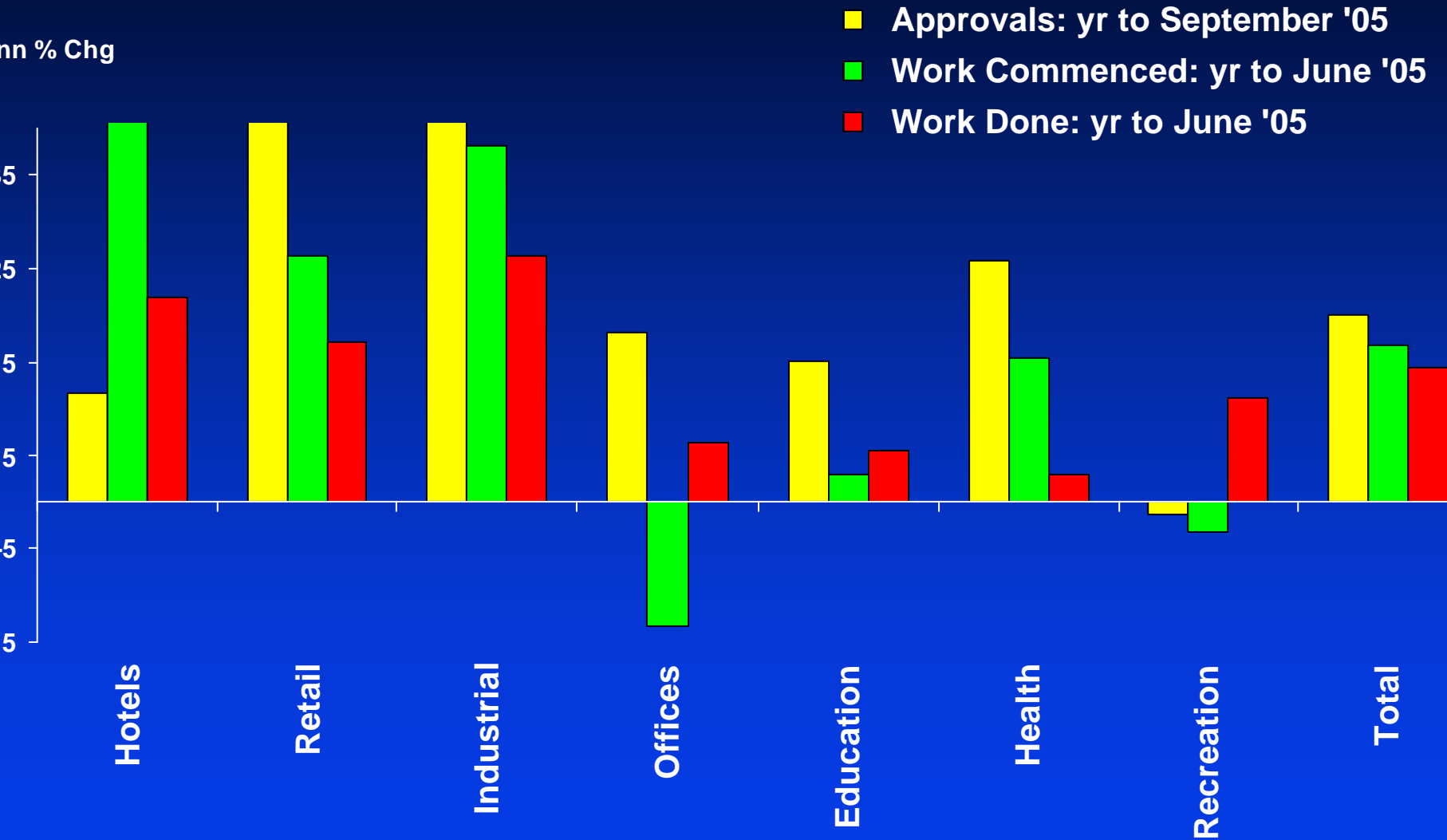
Economic Growth & Non Dwelling Building Construction



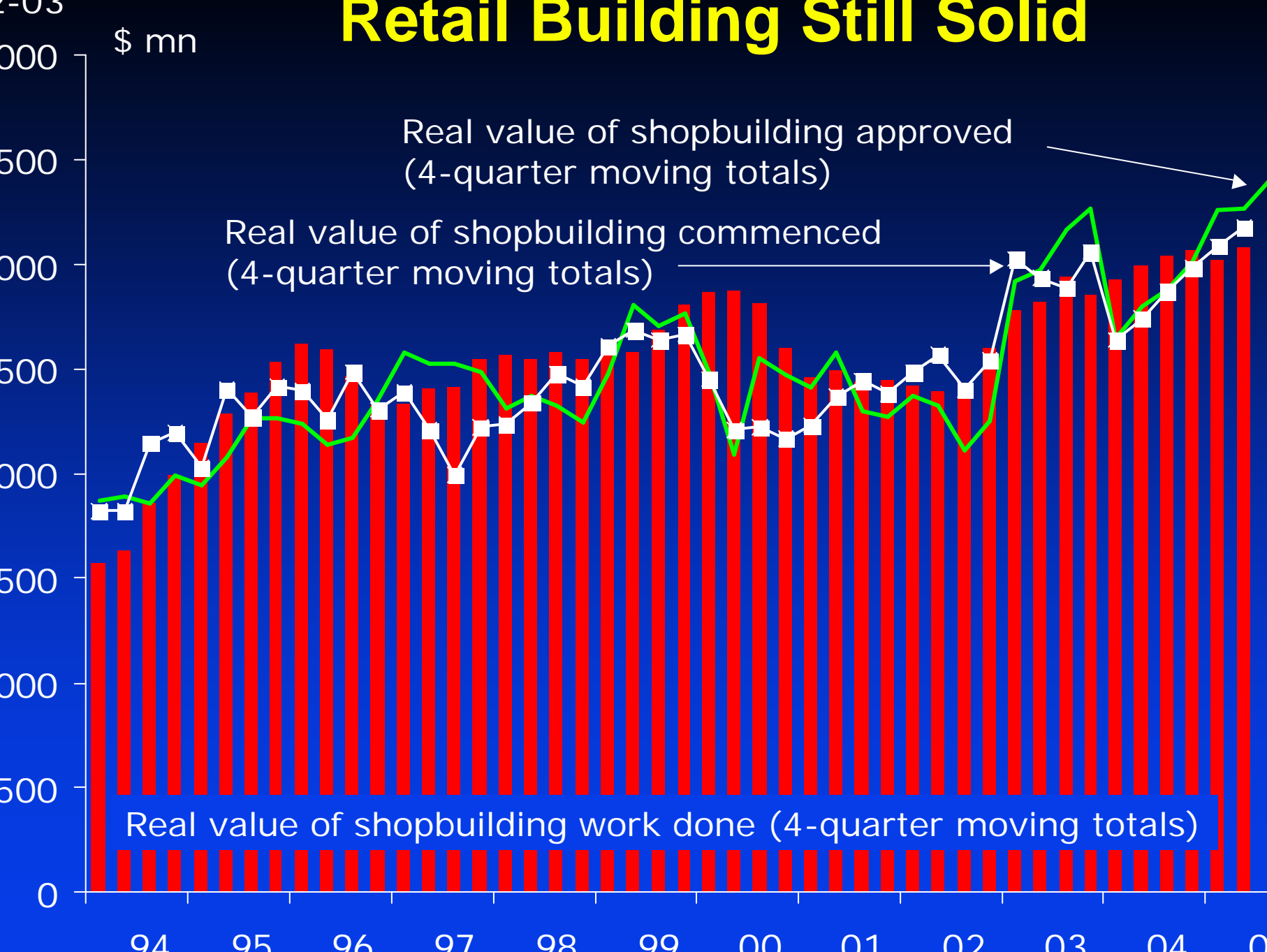
Non-Residential Construction By Sector



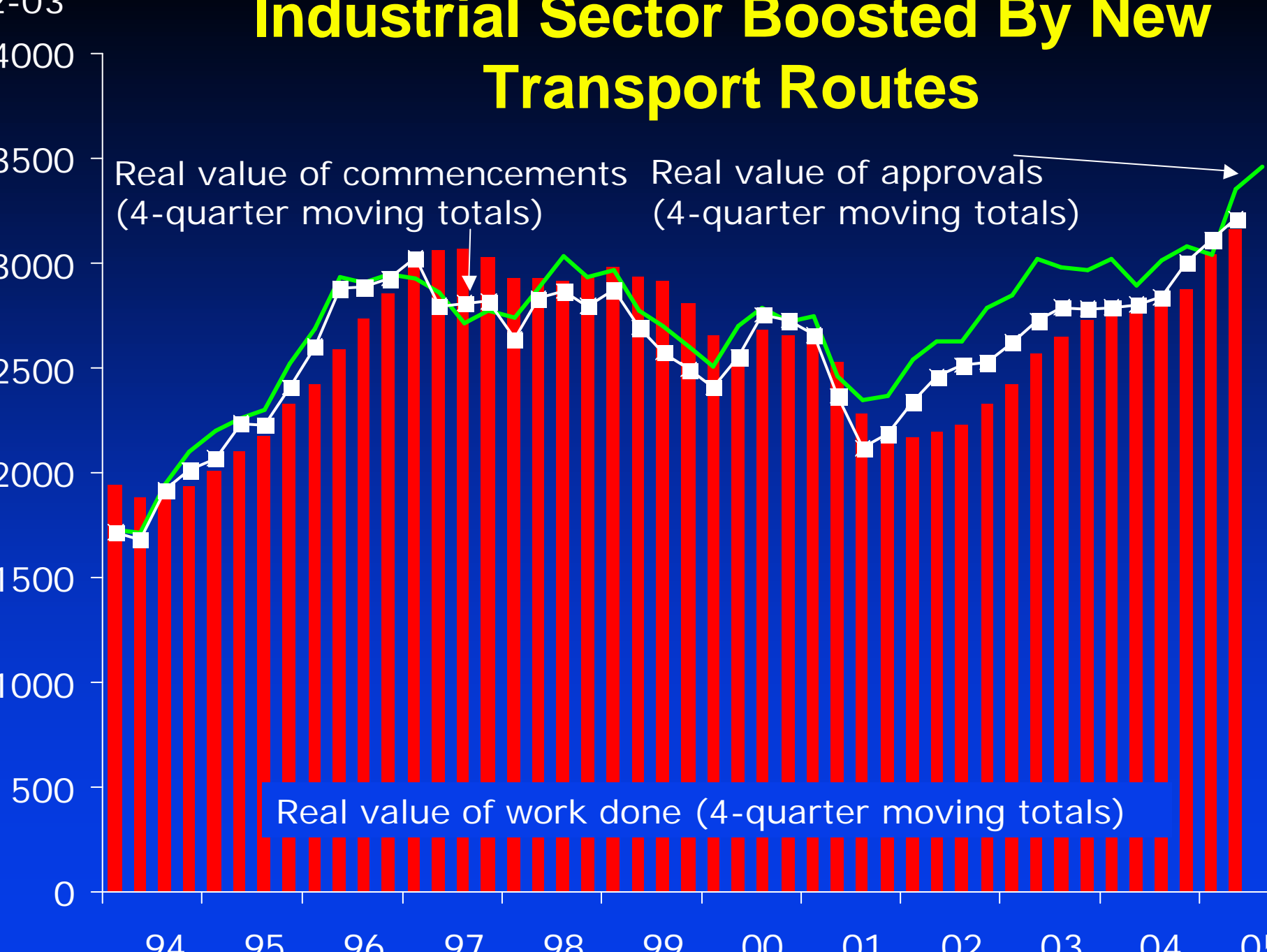
Non-Residential Building – current trends



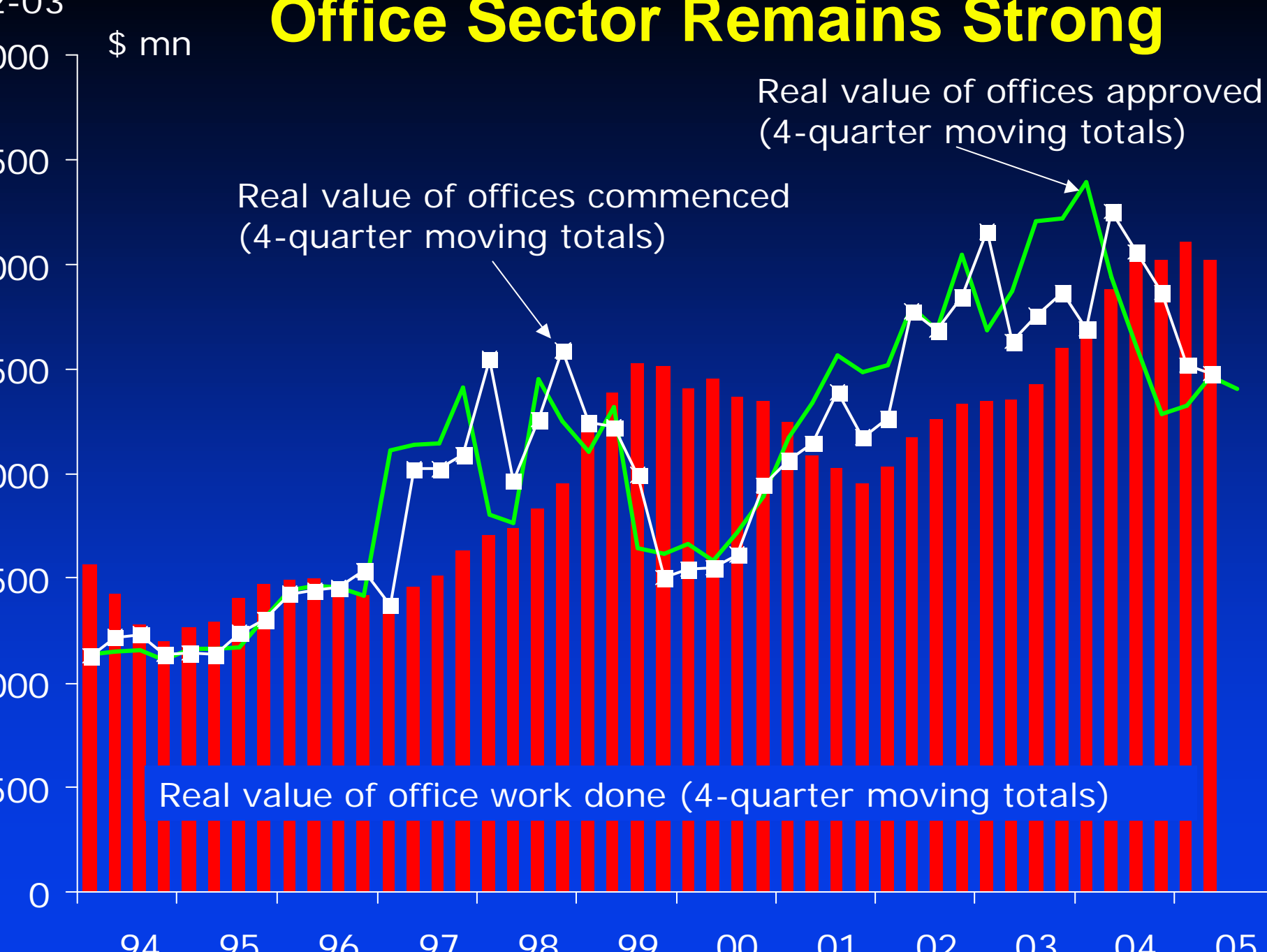
Retail Building Still Solid



Industrial Sector Boosted By New Transport Routes

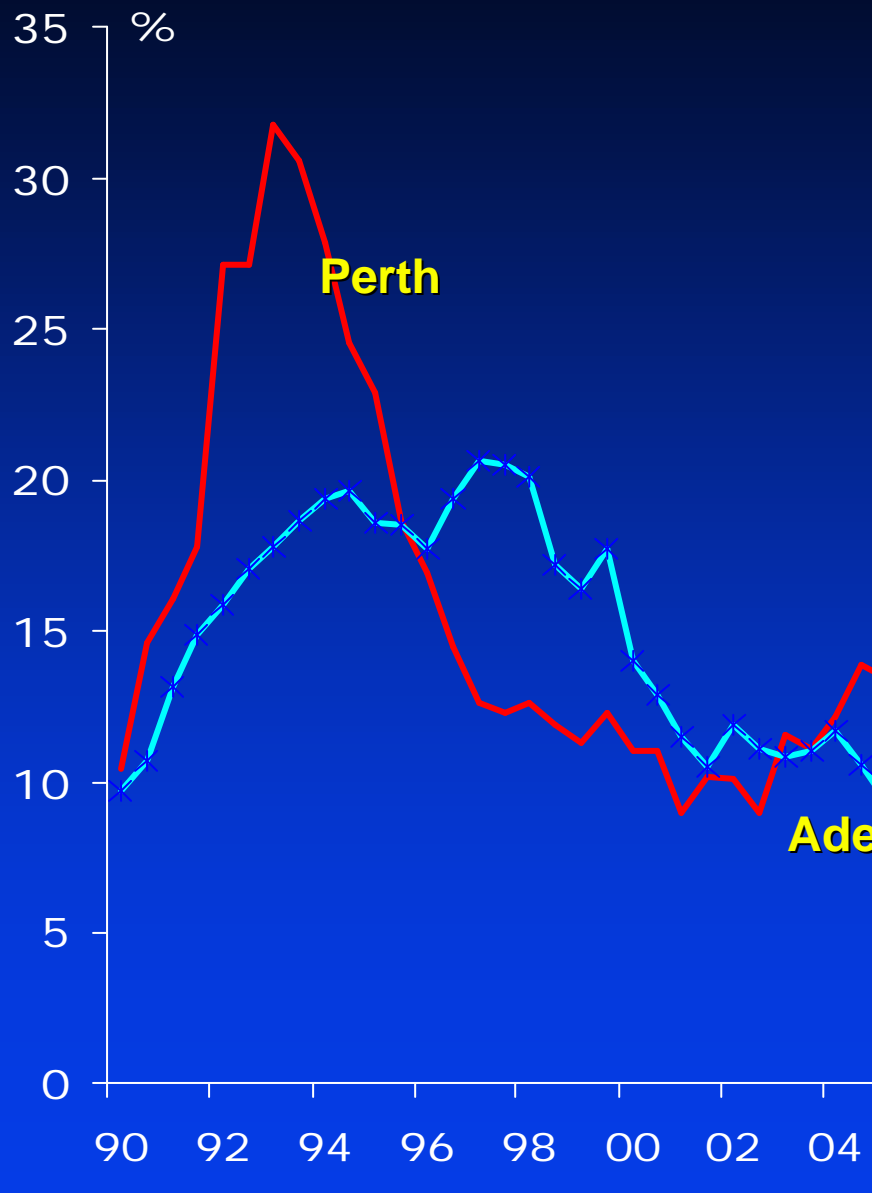
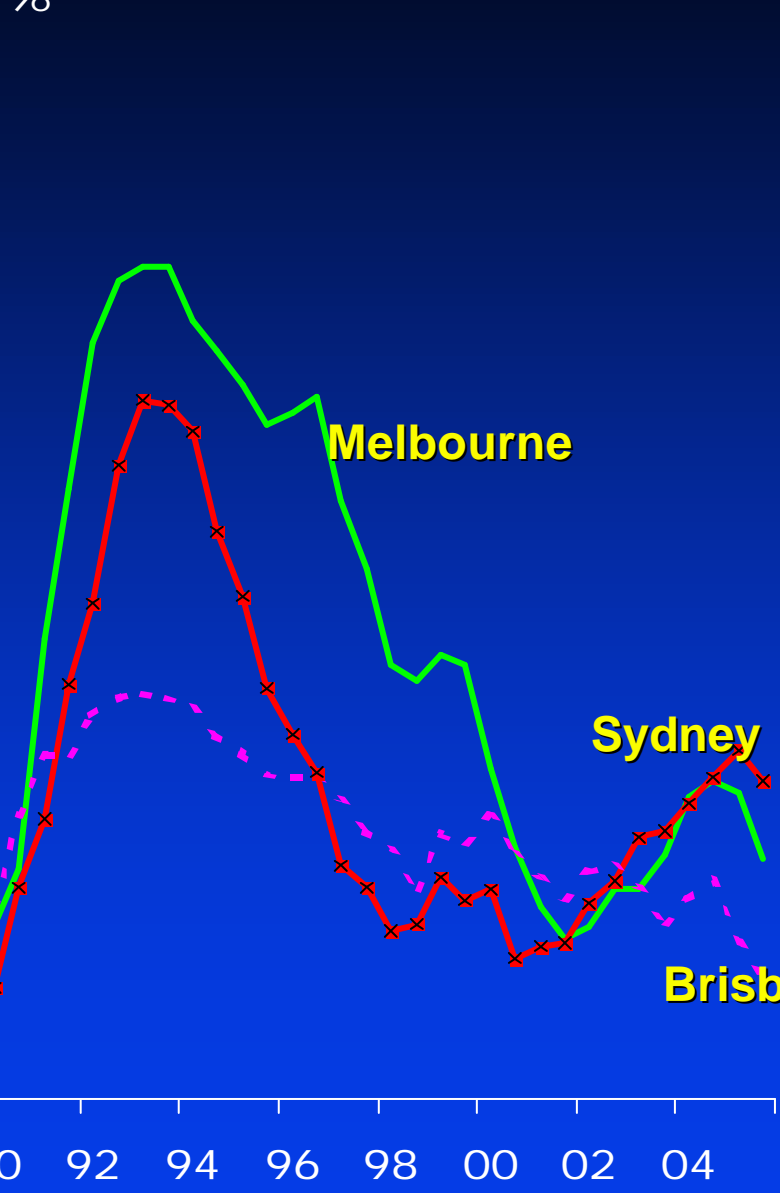


Office Sector Remains Strong

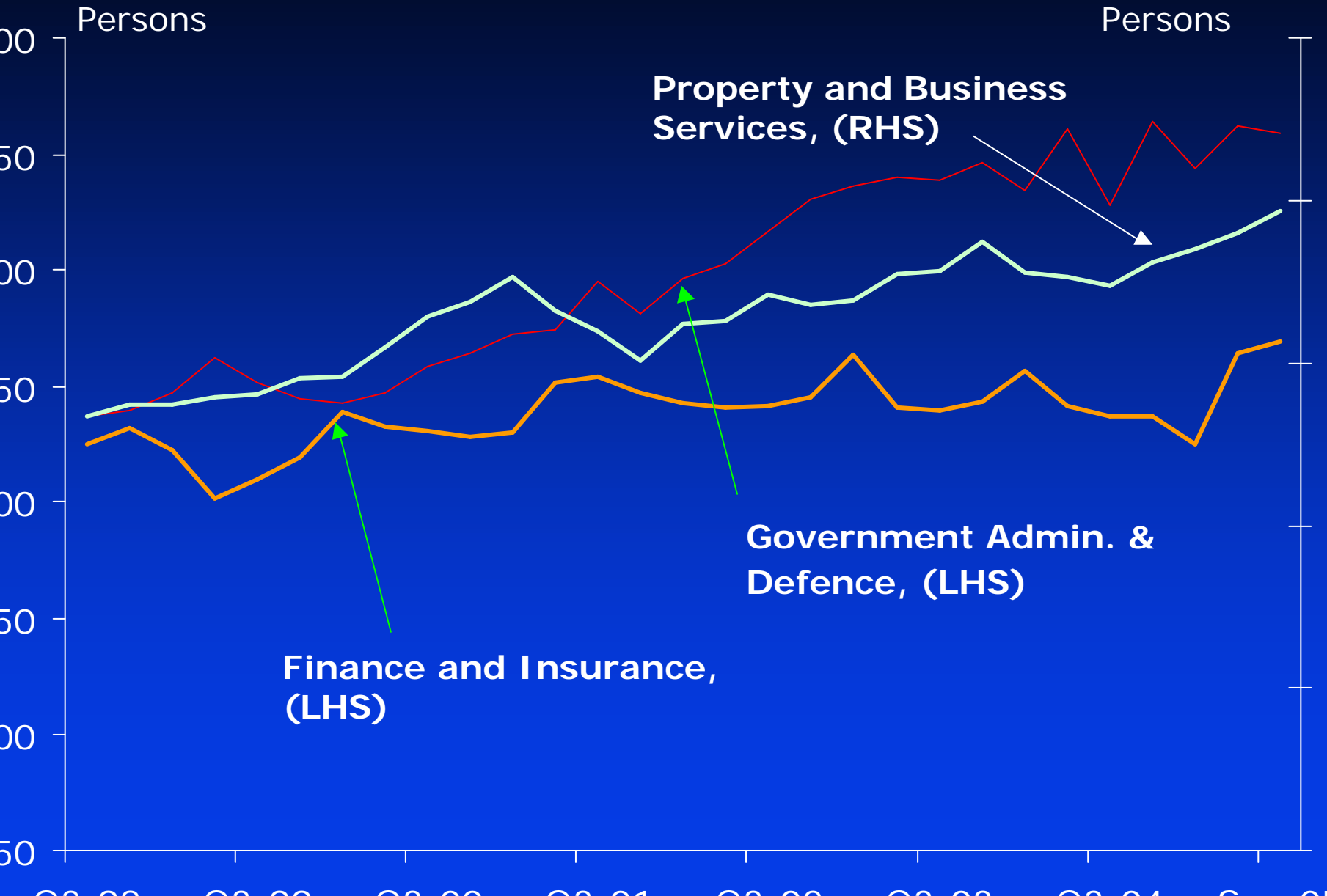


Capital City CBD Office Vacancies

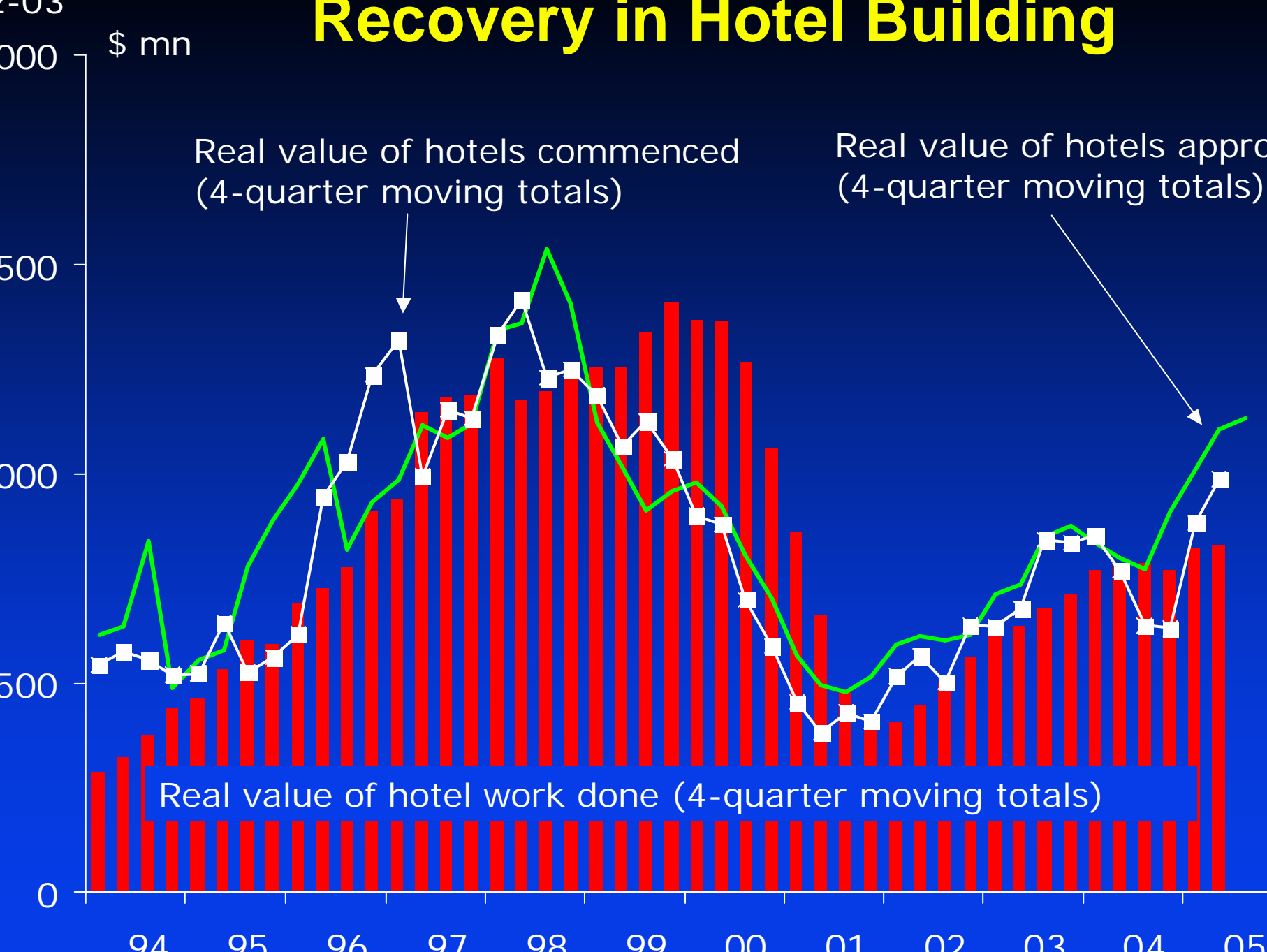
%



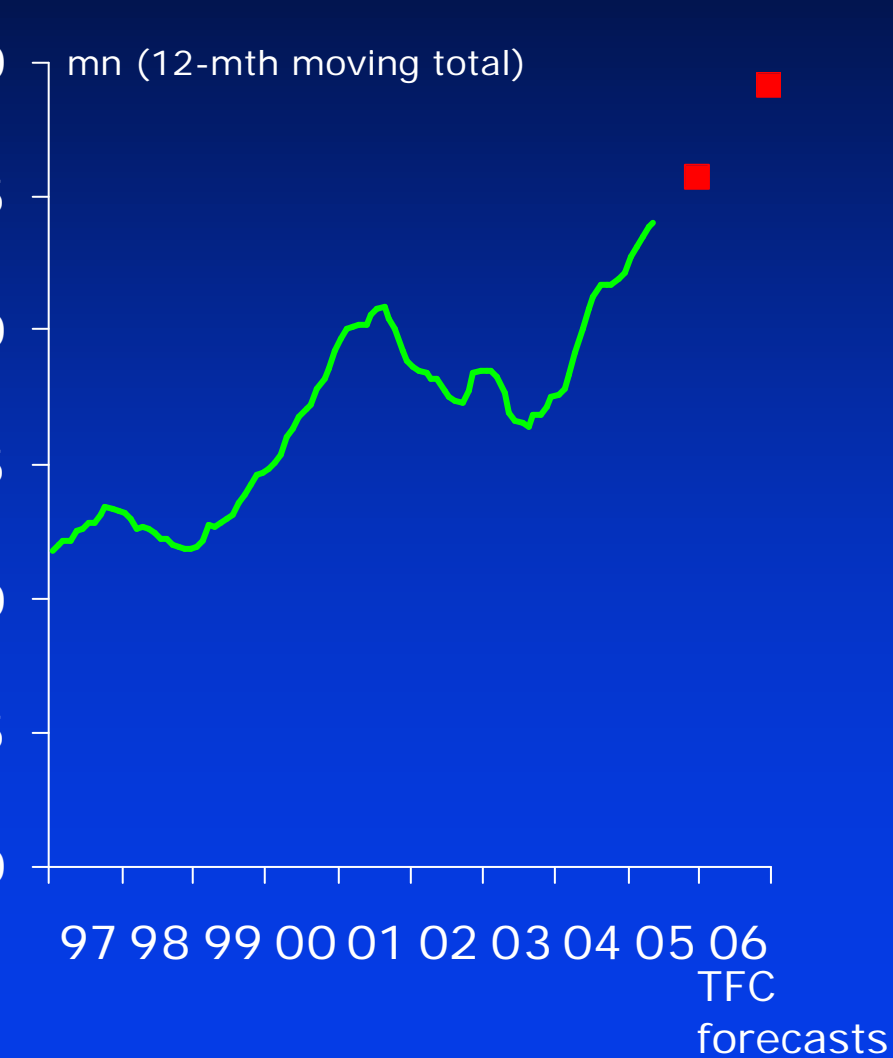
Office Jobs Growth Trends Higher



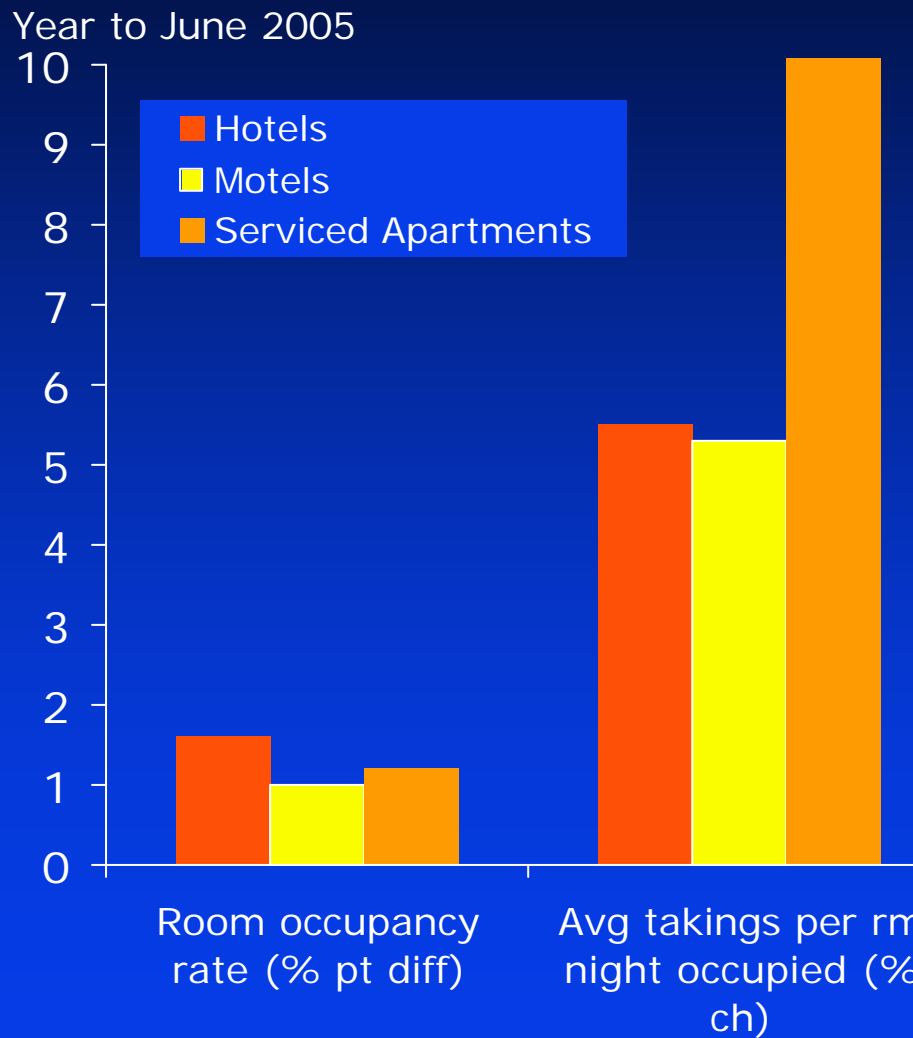
Recovery in Hotel Building



Short-term overseas visitor arrivals



Tourist Accommodation Sector

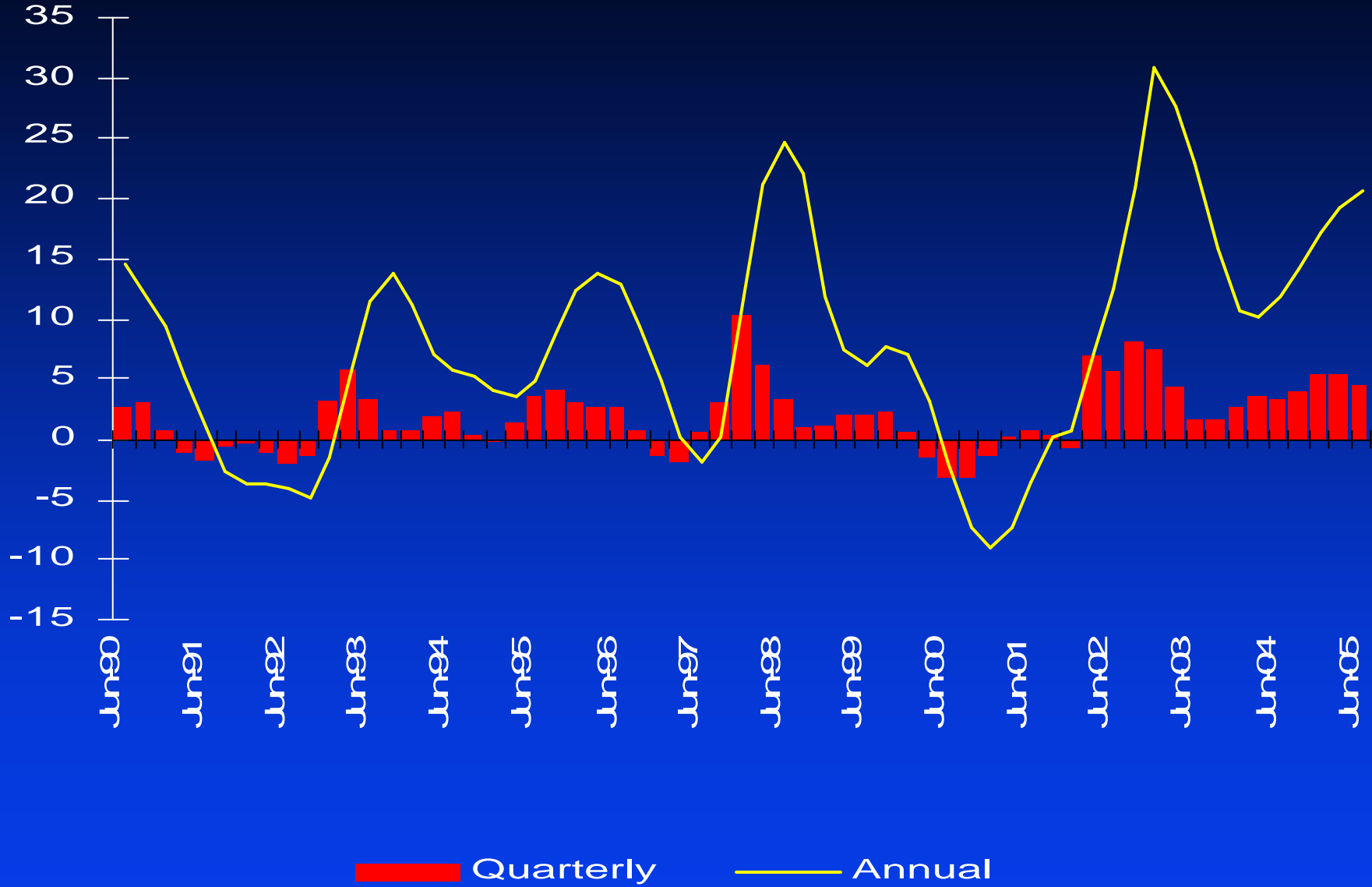


Non-Residential Building Forward Indicators

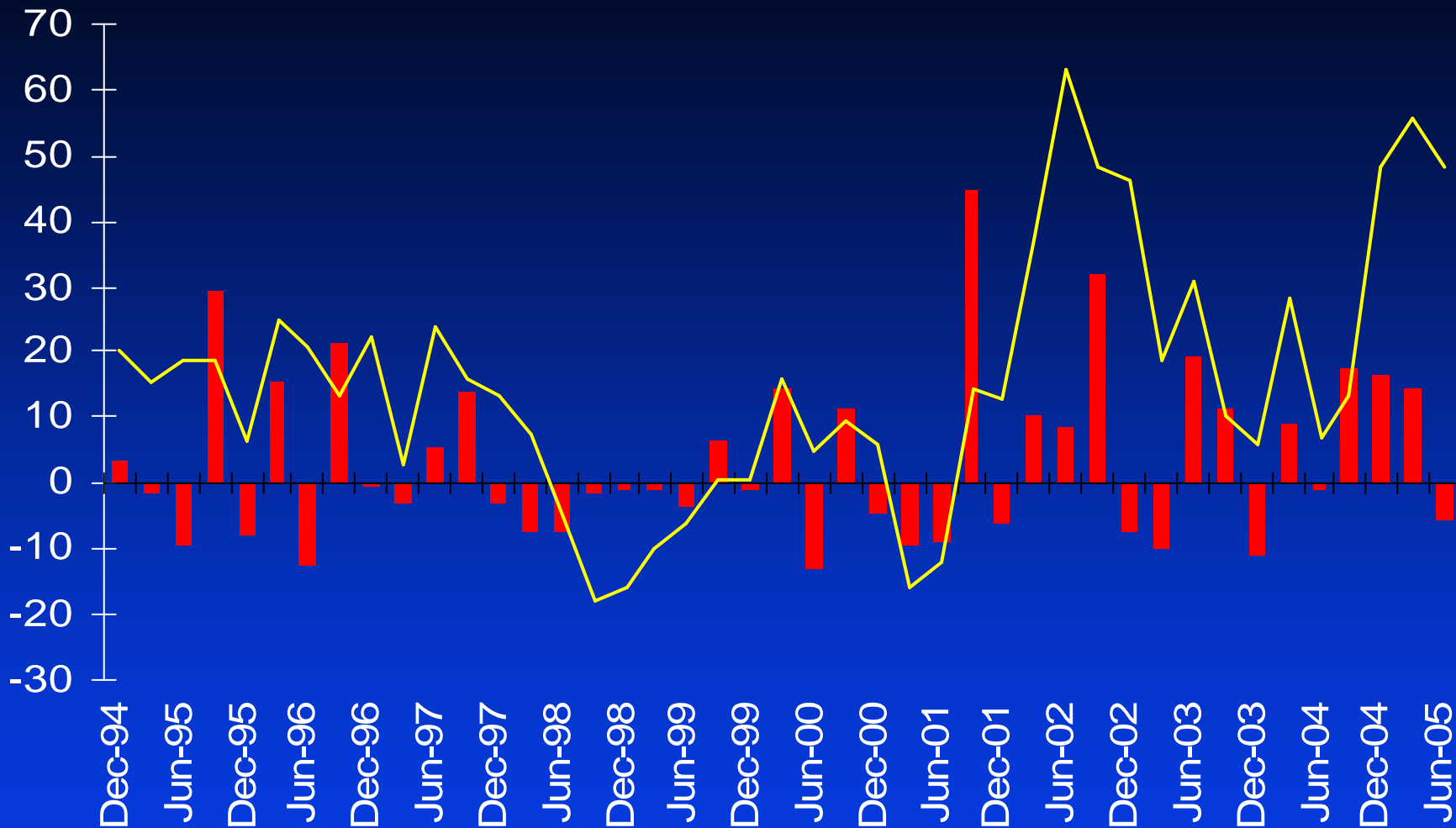
Year to June 2005

Work commenced	+16.8%
Work done	+14.4%
Approvals Sep '05	+20.0%
Months work ahead	6.2 months (6.2 a year ago)

Engineering Completions



Engineering Work to Be Done



Quarterly

Annual

Engineering Construction Forward Indicators

Year to June 2005

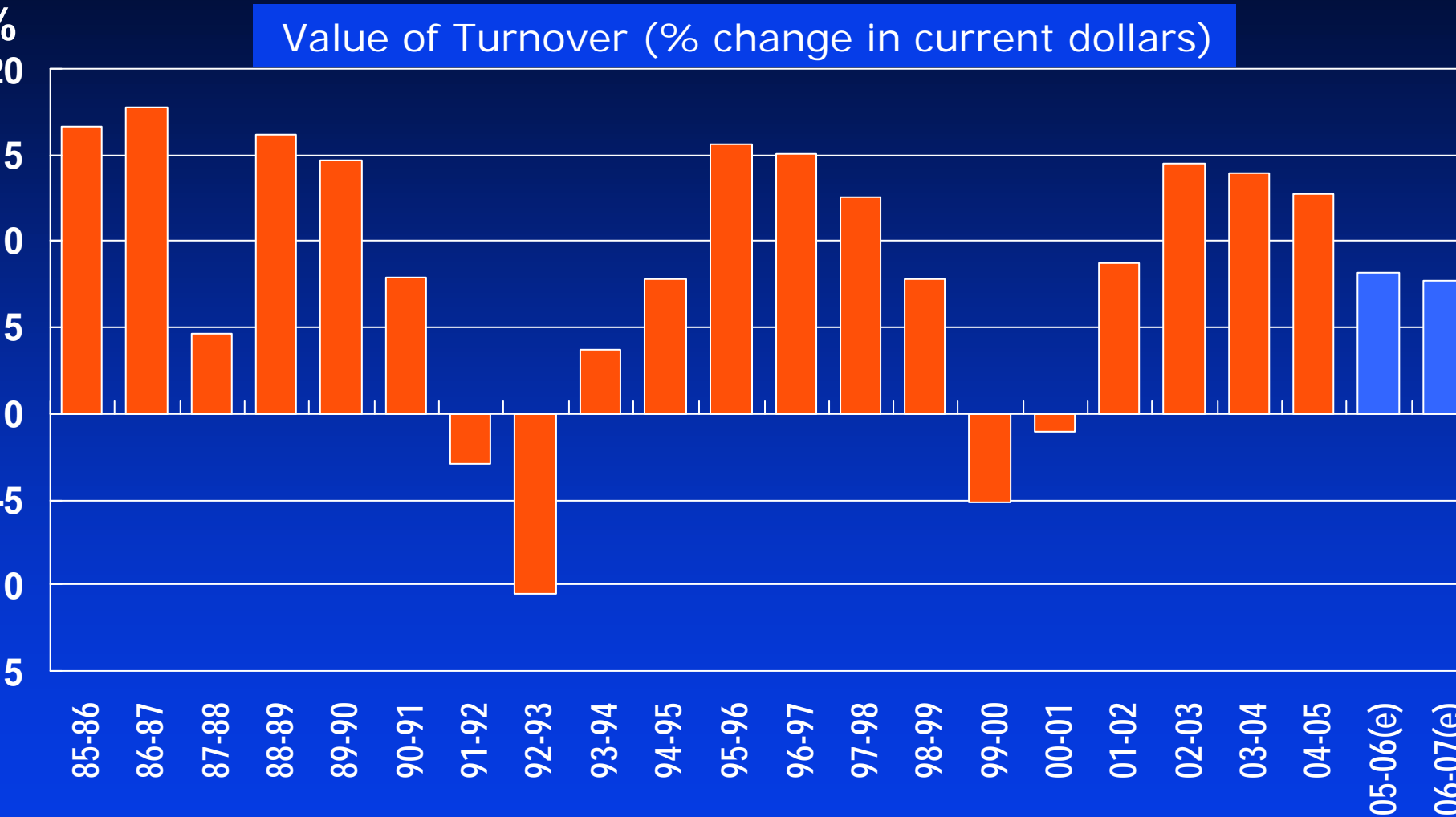
Work done	+20.5%
Work yet to be done	+48.2%
Months work ahead	7.4 months (5.8 a year ago)

Key Performance Findings

	<i>TURNOVER</i>	<i>JOB</i>	<i>ACTIVITY</i> <i>% VERY BUSY</i>	<i>CAPACITY</i>
2003/04	+14.0%	+8.6% (yr to Jul 04)	76.9 (6 mths to Jun 04)	88.1%
2004/05	+12.7%	+8.2% (yr to Jul 05)	84.2 (6 mths to Jun 05)	89.5%
2005/06 Forecast	+8.2%	+2.4% (Jul 05–Dec 05)	77.2 (6 mths to June 06)	
2006/07 Forecast	+7.7%	+1.7% (Dec 05–Jun 06)	75.4 (6 mths to Dec 06)	

Turnover in Construction Work

Value of Turnover (% change in current dollars)



Turnover Outlook by Major Sector

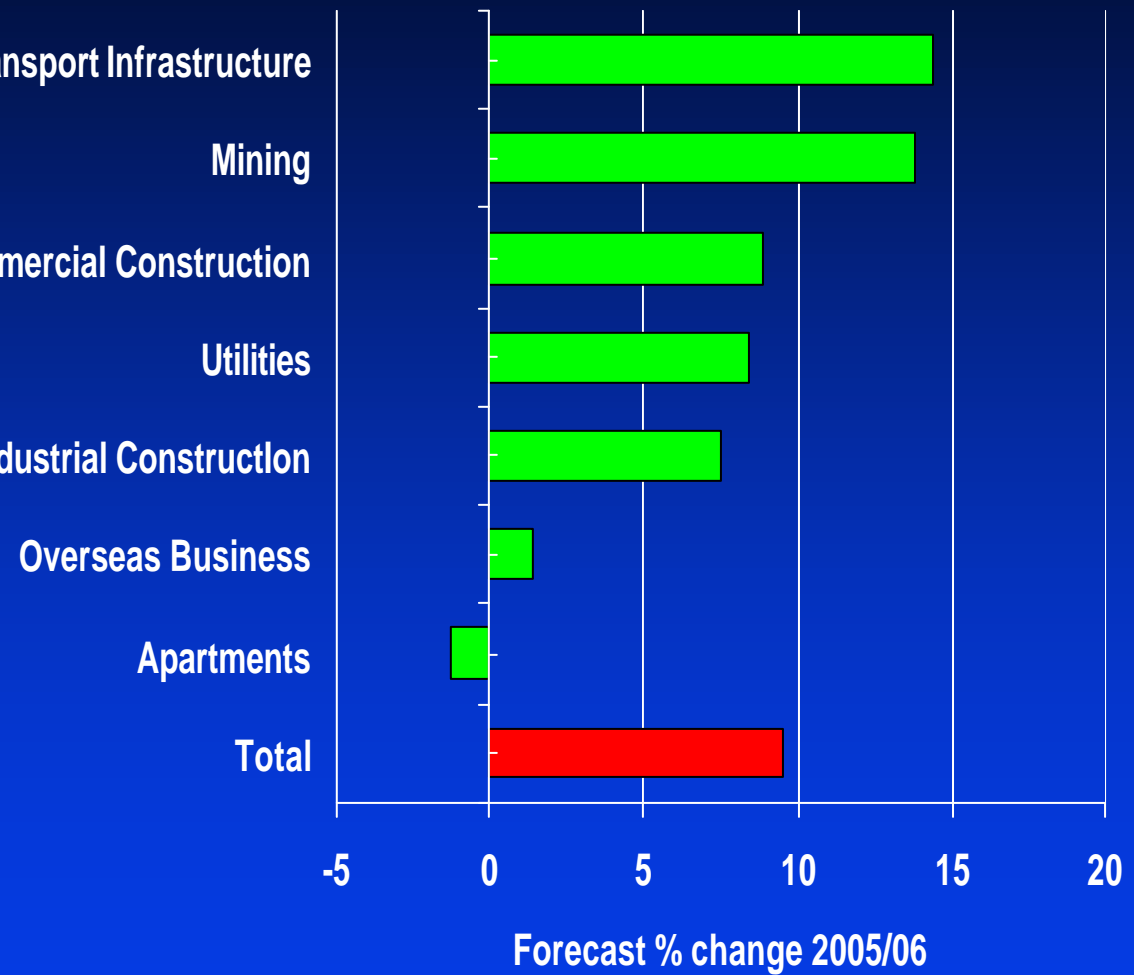
Sector	2004/05	2005/06(F)	2006/07(F)
Infrastructure	+17.5	+11.1	+10.5
Utilities	+31.4	+8.4	+10.6
Industrial Construction	+12.8	+7.5	+7.6
Mining	+24.7	+13.8	+11.3
Commercial Construction	+10.2	+8.9	+7.0
Overseas Business	+20.1	+1.4	+2.6
Apartments	-11.6	-1.3	+1.5

Ai Group/ACA National Survey of Construction Activity

Conducted in September/October 2005 to assess business conditions in the non-residential building construction industry:

- 100 respondent companies including key market leaders
- employing 56,000 people
- turnover in 2004/05 of \$14 billion or 25% of all industry turnover

Growth moderating in 2005/06, but remains firm



Firm growth of 8.2% in 2005/06

→ Transport Infrastructure up 14.5%

→ Mining up 13.5%

→ Commercial Construction up 8.8%

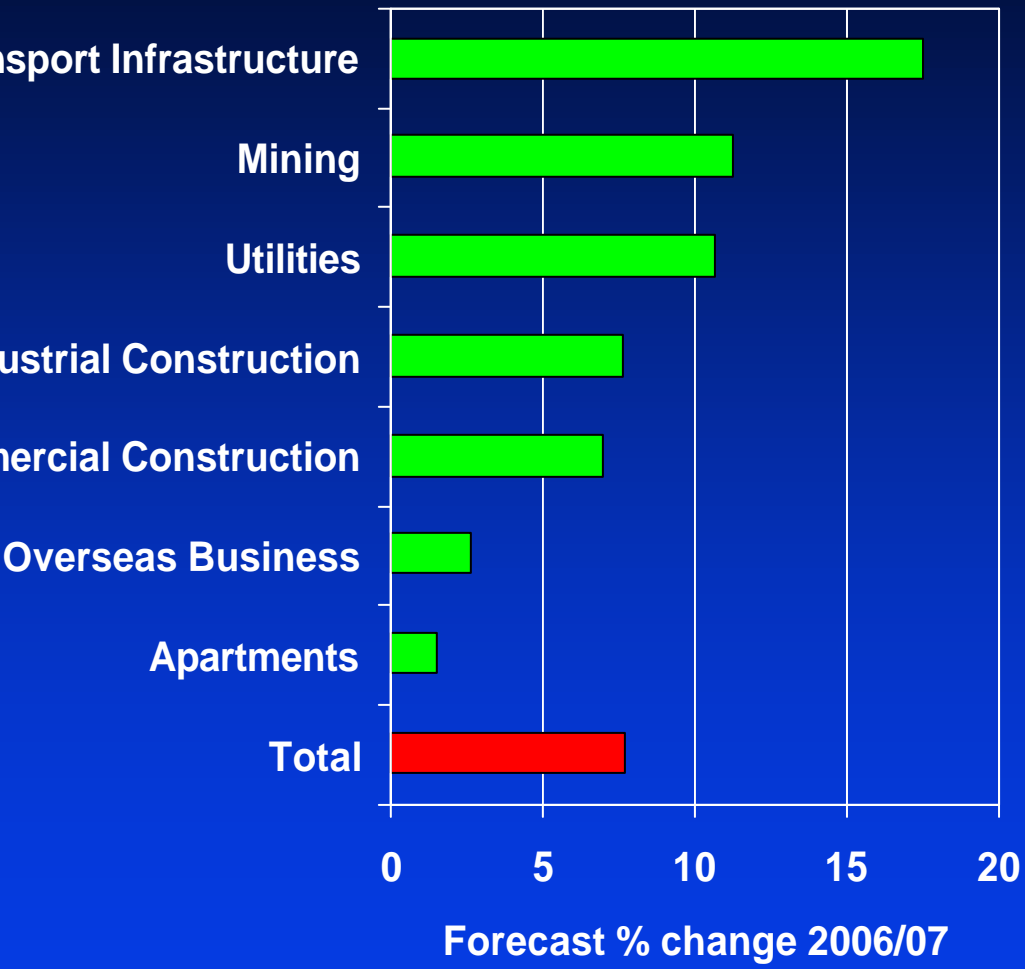
→ Utilities up 8.2%

→ Industrial Construction up 7.5%

→ Overseas Business up 1.5%

→ Apartments down 1.5%

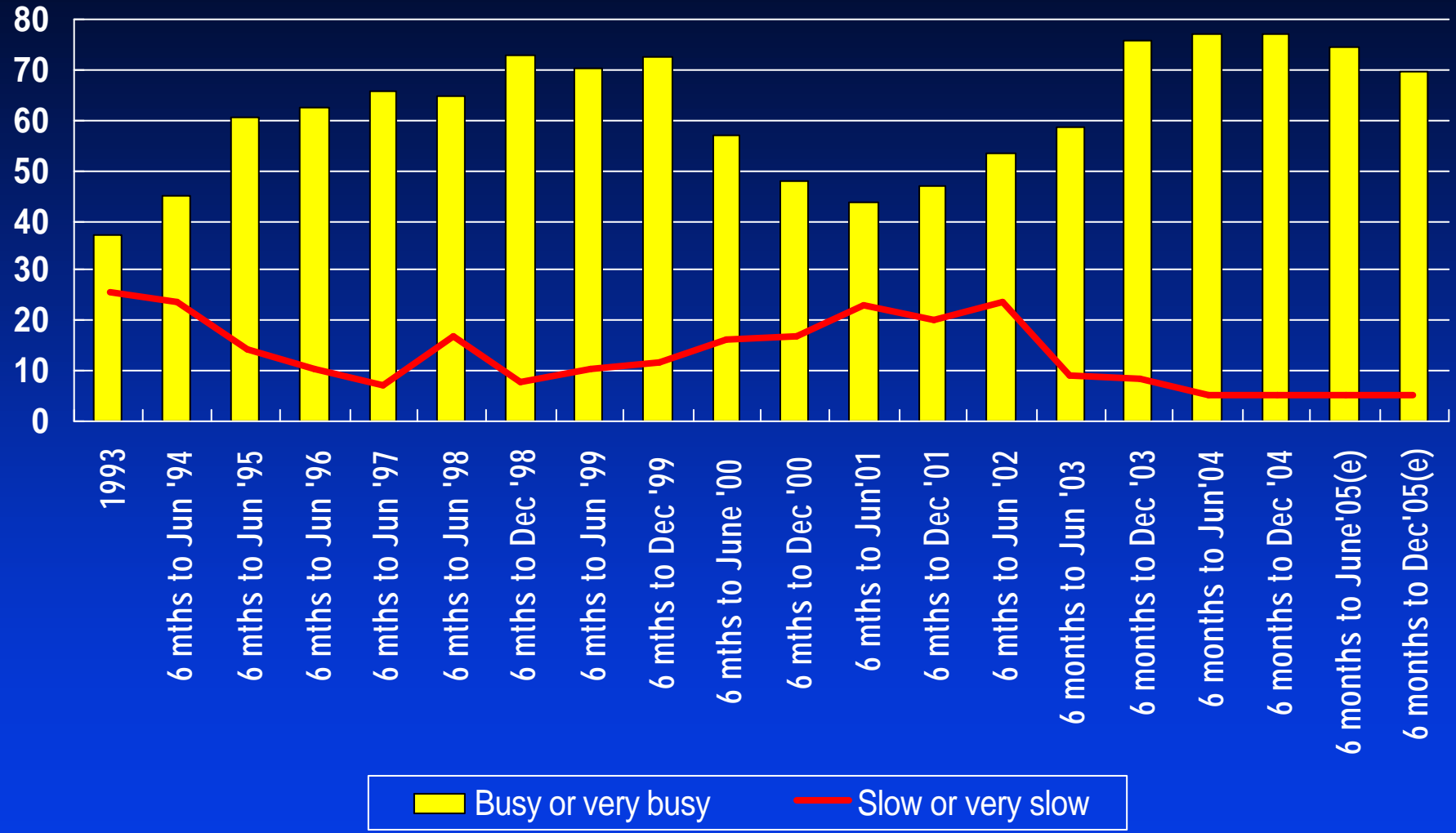
Transport Infrastructure to again lead growth in 2006/07



- Growth of 7.7% in 2004/05**
- **Transport Infrastructure up 17.7%**
 - **Mining up 11%**
 - **Utilities up 11%**
 - **Industrial Construction up 8%**
 - **Commercial Construction up 7%**
 - **Overseas Business up 3%**
 - **Apartments up 2%**

Forecast % change 2006/07

Levels of Activity



In Conclusion:

Construction activity is poised for continued expansion through 2005/06 and 2006/07, although the growth momentum is expected to ease.

Infrastructure construction—underpinned by high levels of transport investment – and the mining sector will be the major drivers of growth.

Heavy industrial resource based construction is also set for sustained growth through 2005/06 and 2006/07.

The outlook for commercial construction remains positive, although growth levels will moderate.