WT PARTNERSHIP

REVIEW OF AUSTRALIAN CONSTRUCTION MARKET CONDITIONS

NOVEMBER 2014

WT Partnership's July 2014 Review of Australian Construction Market Conditions forecast continued competitive tendering for the remainder of 2014. Our forecast has proven correct to date. However, as we approach the end of the year capacity in the head contractor and subcontractor market appears to be showing signs of decline. Currently, the pace of decline in contractor capacity and the subsequent effect on tender escalation differs significantly from state to state. Notwithstanding, as forward order books continue to improve for head contractors and subcontractors alike, the persistent competitiveness experienced over recent years is now changing.

In our March and July 2014 publications we reported an ongoing revitalisation in the private sector as activity in the mining and infrastructure sector continues to decline. Recent Australian Bureau of Statistics (ABS) data has again substantiated this trend with the value of 'building work done' (excluding infrastructure and mining work) at an all-time high while the value of infrastructure and mining works fell further from 2013 highs experiencing its largest half yearly drop in at least eight years.

Throughout Australia, the tender market generally remains competitive but is far from the levels experienced between the onset of the GFC and 2013. In some states we are seeing clear signs that pricing of particular trades and materials is beginning to correct from the competitive prices maintained since the GFC. Concurrently, certain trades are experiencing notably reduced capacity amongst subcontractors as cutthroat pricing of years past has begun to catch-up with subcontractors.

This has been particularly evident in the services trades with a number of small to major subcontractors failing in 2014. In particular, mechanical services trade pricing has experienced upward pricing pressure through Queensland, New South Wales and Victoria.

Currently, supply capacity, which has declined over recent years, is being coupled with a spike in demand in certain pockets of the nation resulting in isolated occurrences of significant price rises in certain trades and on certain major projects. For example, Tier 1 contractors throughout New South Wales and Queensland have advised price increases of up to 12 – 15% being realised against structural trades including concrete supply, reinforcement fix and formwork supply and fix. Subcontractors appear to be taking advantage of short term supply and demand imbalances in the market.

Our New South Wales and Western Australian offices are seeing pressure on ceiling and partition trades on certain large projects. Our Western Australia office has reported recent feedback from Tier 1 contractors indicating labour shortages in bricklaying and formwork trades, placing upward pressure on pricing. In another sign of consolidating capacity, our Queensland office has reported recent instances of Tier 2 contractors finding it difficult, relative to past years, to attract substantial trade coverage for major projects due to capacity restraints amongst subcontractors. Such selective tendering in the subcontractor market was unheard-of in past few years.

The Federal Government has taken a hard stand on the Unions and as a result we have seen an easing of industrial action within the national construction industry. Notwithstanding, Enterprise Bargaining Agreements currently being negotiated will contribute to construction cost escalation into 2015 and beyond.

The private sector has continued to improve into the second half of the year. According to the ABS, the total value of building work done (excluding infrastructure and mining work and broadly representing the private construction sector) rose 4.8%, 2.0% and 1.0% in the March, June and September 2014 quarters respectively.

As per our July publication, the strength of the multi-level residential apartment market, underpinned by Asian capital, continues across the nation along with persistent development within the retail sector on the back of sustained investment from major institutional developers and smaller private investors. These sectors continue to provide reliable and long term cash flow for Tier 1 and Tier 2 contractors around Australia.

Despite a sustained decline in activity, the mining sector continues to absorb a significant amount of construction capacity. Demand is forecast to continue its decline as projects progress from the construction phase to operation and maintenance phase. The infrastructure sector is likely to pick up some of this capacity as major public civil infrastructure projects begin construction. For instance, New South Wales Transport Roads & Maritime Services have budgeted for 110 projects with a total estimated cost in excess of $7 billion, with $2.8 billion being spent in 2014/15 financial year.

The latest data from Tourism Research Australia has confirmed China as the largest international visitor market for the Gold Coast. This confirms our commentary of earlier this year that Asian tourism is expected to increase significantly driving a medium to long term improvement in the tourism construction sector.

Notwithstanding leading market signals indicating a return of notable tender pricing escalation, which for now is applicable to select areas, projects and trades; the broader national tender market remains competitive. However, we anticipate increasing capacity constraints in the contractor and subcontractor market as demand continues to catch-up with supply. We also anticipate increasing tender escalation generally in the short to medium term. In some instances and against certain trades or projects, more prominent pricing 'spikes', may occur in the short term as more pronounced and specific imbalances correct.

In conclusion, contractors are forecast to continue competitive tendering strategies for the remainder of 2014 particularly in the Australian Captial Territory, Tasmania and South Australia where demand has not increased significantly relative to New South Wales, Queensland, Victoria and to a lesser extent Western Australia. Nonetheless, particularly in the latter states, tenders are expected to include 'healthier' margins given the improved condition of contractor forward order books. As subcontractor capacity reduces, we anticipate the ability of head contractors to significantly pressure subcontractors to decrease relative to the significant leverage they possessed in recent years.

We expect national average tender price escalation to trend in the order of 3.1% in 2015, rising to 3.5% in 2016 and 2017.

NATIONAL CONSTRUCTION INDICATORS

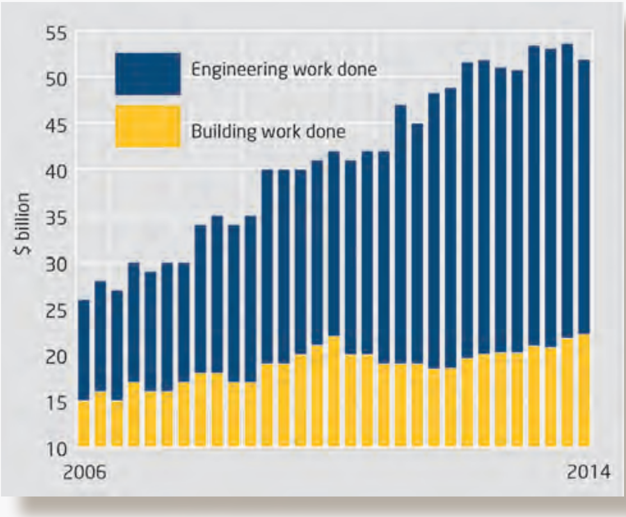
In the 12 months preceding September 2014, in nominal terms, the 'total value of construction work done' increased by 1.3% compared with the 12 months preceding September 2013.

In the 12 months preceding September 2014, in nominal terms, the seasonally adjusted estimate for 'building work done' (generally comprising private sector residential and commercial works) increased by 7.1%. This compares with an increase of 8.4% for the same period one year earlier and the seasonally adjusted estimate for 'engineering work done' (generally comprising mining and infrastructure works) decreased by 2.5%. This represents a significant decrease in comparison with the same period over the previous 2 years, which saw 'engineering work done' increase by 24.4% between September 2011 and September 2012, and 6.1% between September 2012 and September 2013.

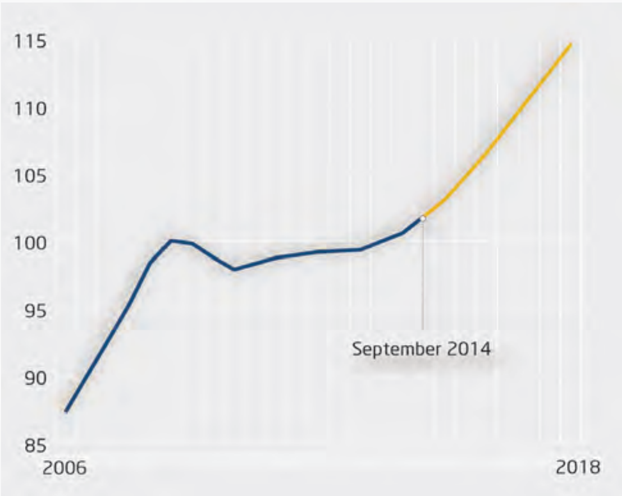
Following a minor increase in the March 2014 quarter, the June 2014 quarter has seen nominal decreases in the total value of construction work done of 3.16% and 1.5% for the September 2014 quarter. The June 2014 decrease is the largest quarterly percentage decrease in the previous 8 years other than a 4.95% decrease in the December 2011 quarter. 'Building work done' recorded nominal increases of 1.99% and 1.06% in the June and September 2014 quarters respectively. Conversely, the value of 'engineering work done' recorded nominal decreases of 6.68% and 3.42% in the June and September 2014 quarters respectively. The overall value of construction work done for the June 2014 quarter has come off record highs of $53.6 billion achieved in the March 2014 quarter to $51.9 billion and $51.1 billion in the June and September 2014 quarters respectively. Notably, in the June 2014 quarter, 'engineering work done' experienced its largest quarterly decrease in the past 8 years.

Of the 'total construction work done' in the amount of $210 billion during the 12 months preceding September 2014, 'building work done' represented 41.6% of 'total construction work done' while 'engineering work done' represented 58.4%. The quarterly share of 'building work done' and 'engineering work done', as a percentage of the 'total value of construction work done' per quarter, was trending relatively flat from the September 2012 quarter through to the March 2014 quarter. The significant decreases in 'engineering work done' in the June and September 2014 quarters, coupled with the increases in 'building work done' in the same period appears to have broken this trend. In the March 2014 quarter the share of 'building work done' as a percentage of 'total construction work done' exceeded 40.0%, for the first time since the December 2011 quarter, and has increased relatively significantly to 43.9% in the September 2014 quarter.

VALUE OF CONSTRUCTION WORK DONE IN AUSTRALIA ($ BILLION)



WT PARTNERSHIP TENDER PRICE ESCALATION FORECAST - AUSTRALIAN AVERAGE



The above graph index is set at 100 for September 2008. Recorded data and forecasts are based on tenders for large building construction projects (value $20 million to $300 million).

NATIONAL ECONOMIC INDICATORS

GDP expanded 2.7% from September 2013 through to September 2014 averaging an increase of approximately 0.7% each quarter.

CPI rose 2.3% over the year ending September 2014. This compares with an average comparable quarterly rate of 2.3% since March 2012. The 2.3% September 2014 CPI figure is a significant decrease from the 3.0% reported by the Reserve Bank of Australia (RBA) in the previous quarter and ends consecutive quarterly increases since the 2.2% reported by the RBA in September 2013.

The current CPI rate remains within the RBA's target range of 2-3%. The RBA's 4 November Monetary Policy Decision Media Release confirmed the RBA's forecast for inflation stating 'Inflation is expected to be consistent with the 2–3% target over the next two years'. Despite the recent fall, CPI remains higher than the previous significant low of 1.2% reported in the June 2012 quarter.

The Australian Dollar (AUD), which has ranged between US$1.11 and US$0.77 over the last 5 years, remains below parity. As of November 2014 the AUD was trading at approximately $0.84 against the US Dollar and has generally remained below US$0.90 throughout September, October and November.

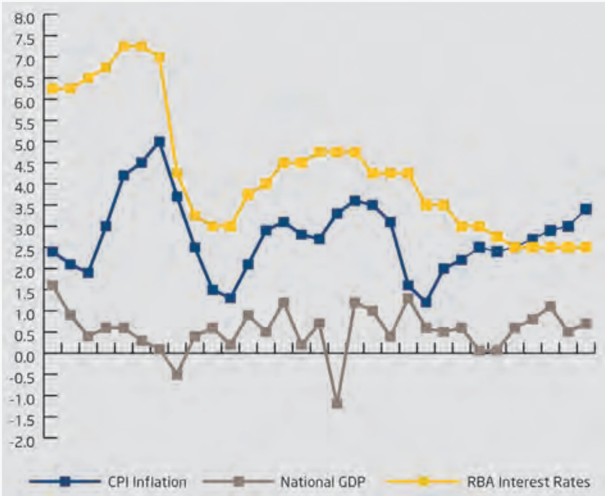
The minutes of the RBA's November meeting suggest the RBA has softened its rhetoric on the currency's recent strength. As reported in our previous issue, RBA Governor Glenn Stevens, in a July 3 speech, stated 'most measurements would say it (the AUD) is overvalued, and not just by a few cents' and also predicted disruption in the AUD due to expected monetary policy movements in the United States. Conversely the RBA's latest minutes do not include any firm or obvious criticisms of the AUD's value nor any forecasts of its future value.

In our March 2014 report we commented on the fall of the AUD and its effect on pricing of imported materials. In particular lifts, mechanical plant and facades are susceptible to currency movements. With the AUD at its current level we anticipate these pricing pressures to continue.

The seasonally adjusted Australian unemployment rate has risen to 6.2% from 6.0% in June 2014, as reported in our previous issue, and peaked at 6.4% in July 2014. Unemployment appears to be slowly creeping up from the lows of 5.0% to 5.2% at the peak of the 'mining boom'.

The RBA's current cash rate is 2.5% and has remained unchanged since August 2013 when it was reduced by 25 basis points. A recent report released from Credit Suisse research analysts Damien Boey and Hasan Tevfik titled 'A strong case for more RBA rate cuts' includes modelling suggesting that rates need to fall to around 1.5% due to an increasing unemployment rate and falling inflation expectations.

NATIONAL ECONOMIC INDICATORS



National GDP measure: seasonally adjusted quarterly % change
Source: RBA; ABS; Quarterly trend review on GDP, CPI inflation, RBA cash rate.

State By State Summary

NEW SOUTH WALES

Since our July 2014 publication, activity in the Sydney market has increased. Health and aged care projects continue, as does commercial fitout, commercial new build and commercial conversion projects. Residential apartments and infrastructure projects have ramped up. We are seeing this in adaptive reuse of assets in the Sydney CBD, North Sydney and in new multi-unit towers on the CBD fringes and outer suburbs.

The North West region has in excess of 9,000 apartments either planned or under construction. The CBD and South regions have in excess of 8,000 apartments planned or under construction. Strong demand from overseas purchasers, coupled with historic undersupply and low rental vacancy rates are also driving demand.

Barangaroo and the Sydney International Convention Exhibition and Entertainment Precinct both dominate the CBD in terms of cranes and general construction activity. The impact of these major projects is being felt by the Tier 1 contractors with structural trades rising dramatically, in the order of 10-15%, in the past 3 months as subcontractors look to capitalise on a very active market. Engineering services trades and finishes trades costs are also tipped to increase on larger projects.

In contrast to the experiences of Tier 1 contractors, some Tier 2 and Tier 3 contractors are advising that tenders from their subcontractors and suppliers have not yet shown upward pressure and prices received are generally in line with budget expectations. However, others are expecting 2-3% increases in pricing over the coming months.

A similar picture is being seen in the commercial fitout space lead by Barangaroo International Tower tenancy fitouts, where trade prices have been relatively stable up to the third quarter. However, in the past month we have seen carpentry, joinery, partitions, ceilings, masonry, and tiling prices increasing. There is also a reduction in the number of trade tenders being returned, indicating that the market is heating up and subcontractors order books are filling, leading them to be more selective and increasing their margins accordingly.

The momentum within the State's infrastructure sector is being led by TfNSW which not only has the new Rapid Transit Line under construction but has a programme of rail station upgrades, station and ferry accessibility upgrade programmes, train efficiency improvement and a potential second harbour crossing amongst its many major projects.

Other major infrastructure projects include budgeting for 110 projects in this financial year by RMS, with a total estimated cost in excess of $7 billion with $2.8 billion being spent in 2014/15 financial year.

Tier 2 and Tier 3 civil contractors are still actively looking for work but are seeing pressure on wage rates, as staff are being lured away to more lucrative positions at the busy Tier 1 contractors.

In conclusion, prices were in line with expectations for the first three quarters of the year. The final quarter is seeing certain trades increase, wages increase and margins increase. This is expected to spread further through the market in 2015 and continue for the short to medium term. We anticipate tender escalation to be in the order of 5% in 2015, 5% in 2016 and 4.5% in 2017.

VICTORIA

As noted in our previous publication, the number of projects tendered this year has been slightly lower than previous years. However, interest in new projects being considered and explored for design development and construction commencement in 2015 remains strong.

The Victorian State election has been at the forefront of private developers' and vendors' minds as they explore the way forward for projects in the next 3-6 months. It was evident that developers were awaiting election results before proceeding in earnest with projects requiring new or amended permits.

Projects tendered in the third quarter of 2014 have seen competitive returns from the market in the sub-$50 million construction cost range. Projects in the range of $50-$100 million have also seen keen pricing with some exceptions from the reinforced concrete, facade and joinery subcontracts.

Some property owners and developers considering larger projects (construction cost in excess of $150 million) have enquired about the short to medium term prospects for the Melbourne market at both a head contractor and subcontractor level as they are concerned about instances of 'bottle necking' when there might be a concurrency of demand. In the short term, there are few reinforced concrete subcontractors with demonstrable large and complex project experience in Victoria which may contribute to upward cost pressure for this trade. According to market feedback, contractors are looking to broaden subcontractor tender lists to maintain competitive overall pricing.

Offshore site acquisitions and quantity surveying service enquiries for hotel, residential and mixed-use project feasibilities have continued with aspirations for taller, larger schemes continuing.

Civil and road project plans have been well publicised and substantial aviation schemes are in early design or feasibility phases. As noted above, the market's perception of the political parties' short term intentions for development approvals had been consistently discussed in this context.

We anticipate tender escalation to be in the order of 3.0% in 2015, 3.5% in 2016 and 3.25% in 2017.

QUEENSLAND

The steady tender and construction activity experienced in the South East Queensland market in the first half of 2014 has continued into the latter half of the year. While tender results have continued to be competitive throughout 2014 the market is consistently showing signs that the competitiveness experienced over recent years is beginning to subside.

Confidence in the South East Queensland property and construction sector has improved throughout 2014 and cautiously continues to improve as we near the end of the year. Strong sales of residential apartments has driven a persistent construction cycle of multi-level residential projects in the CBD inner and outer fringes. This activity appears set to continue as new projects commence throughout the state; especially in Brisbane. Foreign developers are entering the Queensland market in greater numbers with our Brisbane office experiencing increased levels of enquiry from Asian developers, especially in the residential sector.

The significant current and forecast activity in the multi-level residential sector will place pressure on finishes trades, potentially increasing finishes pricing by 10-15% in the short term.

In what has become a common thread in our commentary, Queensland's retail sector continues to strengthen and grow with a number of significant projects now underway or soon to commence construction. Various commercial entities are planning ongoing significant capital expenditure over the, short, medium and long term, and we expect this sector to perform strongly for the foreseeable future.

As previously reported, the resurgence of the Gold Coast market is pushing ahead. Demolition work at the site of the $1 billion Jewel Hotel and Apartment Development, being undertaken by Chinese developer Wanda, commenced in November 2014 with the first stage of construction due to commence in April 2015. Chinese investment in the Gold Coast is forecast to continue with Gold Coast City Council Planning Councillor Cameron Caldwell saying 'Jewel would lead to further investment from Chinese investors'. As an indication of the potential of this market, a consortium including two state-owned Chinese companies has recently revealed an ambitious $7 billion plan to develop the Gold Coast's Broadwater into an integrated resort and cruise ship terminal. The scale of the above mentioned projects will potentially place significant pressure on local construction resources.

In the medium to long term, improved tourism is expected to create increased construction activity throughout Queensland with the Asian market being the one of the key catalysts. The latest data from Tourism Research Australia has confirmed China as the largest international visitor market for the Gold Coast.

Feedback from local contractors suggests rising turnover, improvement of forward order books and stabilising conditions. Contractors are beginning to find subcontract pricing more selective in the latter half of 2014 compared with recent years as the improved market conditions appear to be flowing through to the subcontract market.

The mining and resource sector continues to ease but remains a significant contributor to material and labour demand. The long term pipeline of mining, resource and associated civil projects will continue to absorb significant capacity.

Construction activity in the commercial sector is currently high with four major projects underway in Brisbane. Notwithstanding no new major commercial projects are planned to commence with current vacancy rates of circa 15%.

With significant activity in South East Queensland, continuing improvements in the tourism market and continuation of mining and infrastructure works regionally, we forecast tender price escalation trending in the order of 3.5% in 2015 and 4.0% in 2016 and 2017.

SOUTH AUSTRALIA

The commentary contained in our previous issue described a South Australian market that had been depressed for a sustained time. Our optimism in our most recent forecast appears to have been well founded. The building industry has weathered the storm of the past years with a noticeable improvement in sentiment within the industry. Significant projects that have recently been completed including the $535 million Adelaide Oval redevelopment, the $842 million South Road Superhighway and the $25 million Victoria Square project highlight the State Government's efforts to buoy the market with infrastructure spending. This initiative appears to have been successful. In addition to the above mentioned and recently completed projects, major projects underway include the $2.1 billion Royal Adelaide Hospital and the $300 million expansion into Adelaide by Aldi.

Following the completion of a number of government projects, government infrastructure spending is expected to reduce throughout 2015. Private finance now appears to be cautiously following the Government's earlier lead with new apartment complexes, medium density residential developments and office fitout commencements increasing with additional projects expected to enter the market throughout 2015.

Whilst the quantity and value of projects underway and earmarked are a far cry from pre-2008 levels we are feeling optimistic for the year ahead. Quality established Tier 1 and Tier 2 contractors are generally reporting a hunger for more projects but not a desperation that was considered the norm in the past few years.

2014 proved to be a year of minimal escalation overall, with actual escalation falling within our forecast of 1.3%. Discussions with various suppliers and subcontractors have indicated a push for what might be considered a 'catchup' in pricing, having survived unsustainably keen pricing in past years.

We anticipate tender escalation to be in the order of 2.5% for 2015 and 2016, and 3.0% in 2017.

WESTERN AUSTRALIA

While certain sectors of the Western Australia construction market are lethargic, our overall medium term outlook remains positive. This view is based on both the quantum of works under construction and major projects currently being planned across a broad spectrum of sectors.

Perth and its skyline is currently undergoing a substantial change. This has been driven by a number of landmark projects including the $5.2 billion Perth City Link, the $2.6 billion Elizabeth Quay project, the $2.6 billion Riverside project, Perth Cultural Centre and the $860 million New Perth Stadium. These projects coupled with substantial expenditure across a number of sectors and continued government expenditure in infrastructure and transportation projects has led to positive market sentiment over the medium term.

In what has become a common thread in our Western Australia commentary, the retail sector continues to perform well in the Perth metropolitan area. A number of substantial shopping centre projects are currently under construction, with some now nearing completion such as the Lakeside Joondalup major expansion, which once completed will be the largest shopping centre in Western Australia. A number of entities are planning significant capital expenditure over the medium term, and we expect this sector to perform strongly for the foreseeable future.

As reported previously, high rise residential developments located in close proximity to the CBD continue to perform strongly. We expect this sector to remain strong into next year, with continued interest in the local market from both domestic and international investors.

The commercial office sector will be faced with some challenges over the coming years, as vacancy rates push 15%. A number of substantial projects are currently underway to bring 'A Grade' office space to the market which have pre-committed anchor tenants. As expected, we are seeing strong activity in the office refurbishment and fitout sector as property owners move to improve their product offering in order to remain competitive in a tough leasing environment.

The hospitality sector continues to attract international chains to the local market, with the Ritz Carlton, Crown Towers and The Westin Hotel all in various stages of construction. A number of other new offerings are in the pipeline for both Perth and Fremantle. Again we are seeing the ripple effect into the existing hotel stock, as a substantial number of hotel refurbishment projects are expected to commence in 2015.

While sentiment is positive we are expecting the trend of aggressive tendering to continue into next year, with contractors margins remaining tight. With regard to pricing of construction projects, Tier 1 contractors have noted that due to shortages of labour in the bricklaying and formwork trades, costs are starting to increase. In addition they have noted a rise in the supply costs for structural steel and re-bar. Other trades seem to have remained stagnant at this level. Tier 2 contractors have noted an increase in ceiling and partition subcontracts costs, and demolition subcontractor's costs. While it was expected that piling costs would creep up due to the landmark projects mentioned previously, this has not transpired, possibly due to the entry of a number of new piling contractors into the market.

Regional Western Australia continues to go through a post mining boom adjustment. However we believe that the construction market in regional Western Australia will remain reasonably buoyant, especially in the health and infrastructure sectors with such government initiatives as 'Royalties for Regions' and significant private investment in ports, agriculture and aqua farming.

Overall our outlook for the Western Australia construction market is positive for the medium term, with strong activity likely to continue into 2016. We anticipate tender escalation to be in the order of 2.8% in 2015 and 3.0% in 2016 and 2017.

TASMANIA

Current market escalation in Tasmania is consistent with forecasts from our last publication. Building activity statistics to June 2014 show a slight increase in 'Building work done', however 'Building work commenced' decreased 5.0% from the previous year.

Whilst the statistics indicate levels of activity are still subdued two major projects for Hobart have commenced with the $100 million Hobart Myer Redevelopment and the $100 million Parliament Square redevelopment. The $365 million Royal Hobart Hospital development is still being reviewed. The University of Tasmania has significant projects in the pipeline with the $75 million Centre for the Performing Arts Project and $120 million of NRAS Student Housing Developments throughout Tasmania.

The North West Coast region has the least construction work at present with subcontractors being drawn towards Hobart for work.

Local sources remain hopeful that the Chinese Premier's recent visit to Hobart may increase Chinese tourism numbers in Tasmania and assist the construction sector. Interestingly, we have experienced increased enquiry for tourism projects in the latter half of this year. We have also experienced a notable increased enquiry for high end housing.

As sentiment in the state cautiously improves, we do not anticipate construction costs to rise significantly this year or the next. Tender margins are still extremely tight and we anticipate this trend to continue with tender price escalation in the order of 1.0% for 2015, rising to 2.0% for 2016 and 2017

AUSTRALIAN CAPITAL TERRITORY

Since our last publication, confidence levels in the Australian Capital Territory property sector have risen due to forward looking views regarding the business and political environment, the economy and employment intention. The improvement in confidence, given the general slow-down in construction activity, has largely come about as a result of Federal Government spending.

Positive developments in the Territory's construction market, according to market feedback from contractors, include an increase in forward work expectations, staffing levels which are expected to rise, and an increased level of positive sentiment around the retirement, hotel and retail sectors.

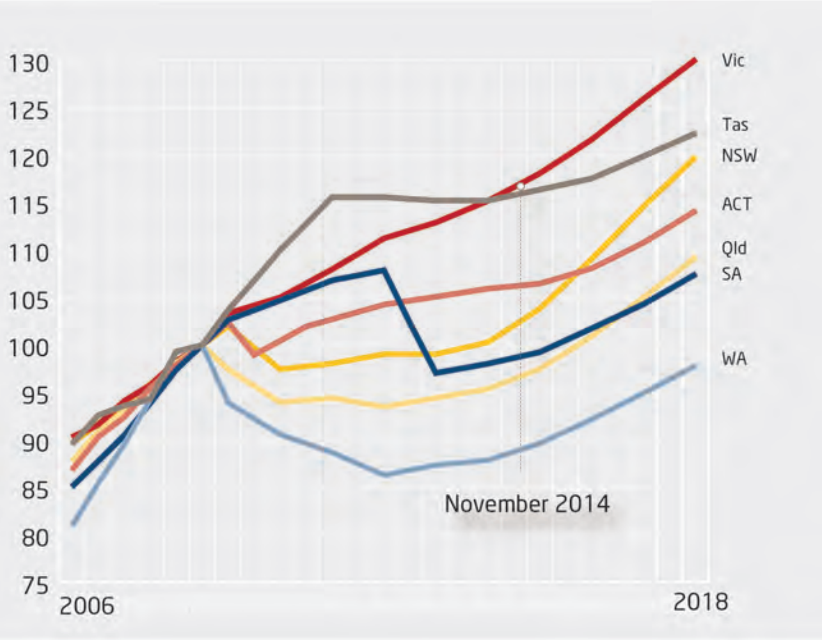
The office vacancy rate has increased over the past six months from 12.9 % to 13.6%, its highest level since July 2010. This is largely a reflection of Commonwealth Government decision-making with respect to public service employment numbers and office accommodation requirements.

The recent 'Mr Fluffy buyback' arising from asbestos contamination is expected to increase activity in the local construction market with 'clean up' costs forecast in the order of $300 million. After previously slashing the number of dwellings planned for release during the next four years as a result of federal cuts to the public service, it is anticipated that the Australian Capital Territory government will speed up land release to meet the potential demand for additional land after the decision to buy back and demolish all affected homes.

The recent announcements of the preferred tenderers for the Australian Capital Territory Law Courts and University of Canberra Public Hospital projects shows that part of the $2.5 billion of capital works for the next four years, announced earlier in the year, remains at the forefront of the Australian Capital Territory Government's thinking. Such activity is expected to stimulate economic growth, generate employment and build infrastructure. This, in-turn, will provide a significant amount of work for local and interstate contractors and subcontractors.

Currently, local contractors report that the market is keen for work with numerous subcontractors responding to requests for pricing. Capacity amongst subcontractors remains high. We anticipate tender escalation to be in the order of 1.5% in 2015, 2.5% in 2016 and 3.0% in 2017.

Tender Price Escalation Forecasts Regional Market Summary



The above graph does not reflect the relative cost differential between the different States.

	NSW	VIC	QLD	ACT	SA	WA	TAS
2006	4.6%	4.2%	5.9%	6.3%	6.3%	12.0%	5.9%
2007	4.6%	4.5%	5.5%	6.0%	7.6%	10.9%	5.1%
2008	4.0%	5.1%	-0.7%	4.6%	5.4%	-2.8%	5.2%
2009	-4.4%	1.6%	-3.6%	-1.9%	2.0%	-5.7%	4.7%
2010	0.6%	2.8%	0.5%	2.3%	2.0%	-2.1%	4.1%
2011	1.0%	3.0%	-1.0%	1.5%	1.0%	-2.7%	0.2%
2012	0.0%	1.5%	1.0%	0.8%	-10.0%	-1.6%	-2.9%
2013	1.3%	2.0%	1.0%	0.8%	1.0%	0.6%	0.0%
2014	3.5%	2.5%	2.2%	0.5%	1.3%	2.0%	1.0%
2015	5.0%	3.0%	3.5%	1.5%	2.5%	2.8%	1.0%
2016	5.0%	3.5%	4.0%	2.5%	2.5%	3.0%	2.0%
2017	4.5%	3.3%	4.0%	3.0%	3.0%	3.0%	2.0%

The above indices reflect capital city CBD and metropolitan construction costs.

WT PARTNERSHIP

WT PARTNERSHIP IS AN AWARD WINNING INTERNATIONAL PRACTICE OF PROPERTY AND COST MANAGEMENT CONSULTANTS FOR THE BUILDING, CONSTRUCTION AND INFRASTRUCTURE SECTORS.

WT Partnership is wholly owned by the Principals of the Practice, who ensure that independent advice is solely aligned to our clients' desired project objectives.

WT Partnership draws on the collective experience, knowledge and capability of over 1,250 professional staff in locations throughout Australasia, South East Asia, Central America, the United Kingdom and Europe to provide our clients with the right advice on all aspects of cost, value and risk to help them achieve optimum commercial outcomes.

CONTACT US

Adelaide

Sam Paddick
T: +61 8 8274 4666
E: spaddick@wtpartnership.com.au

Brisbane

Craig McHardy
T: +61 7 3839 8777
E: cmchardy@wtpartnership.com.au

Canberra

James Osenton
T: +61 2 6282 3733
E: josenton@wtpartnership.com.au

Gold Coast

Jason Thornley
T: +61 7 5591 9552
E: jthornley@wtpartnership.com.au

Hobart

Lee Deacey
T: +61 3 6234 5466
E: ldeacey@wtpartnership.com.au

Melbourne

Tim Roberts
T: +61 3 9867 3677
E:troberts@wtpartnership.com.au

Perth

Scott Parrott
T: +61 8 9202 1233
E: sparrott@wtpartnership.com.au

Sydney

Nick Deeks
T: +61 2 9929 7422
E: ndeeks@wtpartnership.com.au

Townsville

Jason Dixon
T: +61 7 4722 2760
E: jdixon@wtpartnership.com.au

WT Sustainability

Stephen Hennessy
T: +61 2 8197 9140
E: shennessy@wtsustainability.com.au

www.wtpartnership.com.au

Note on Applying Tender Price Indices

A number of project specifics should be considered when reviewing tender price escalation forecasts including, but not limited to, the procurement route, size, complexity, location and risk. Equally, the keenness of tenderers is important in terms of pricing and this will be driven by issues such as local market dynamics, workloads, hotspots and realisable margins. With the current uncertainties in the local, national and international arena, it is important to continually monitor the market and review escalation allowances. Clearly, it is very difficult to predict future escalation over the next few years therefore the above advice is offered for guide purposes only at this point..