

Escalation Update

SECOND QUARTER 2025

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National Outlook

The Australian construction industry continues to navigate a mixed economic and operational environment in the second quarter of 2025. Key indicators such as labour costs, material price trends, inflation, sentiment, and contractor solvency paint a picture of ongoing volatility with some early signs of stabilisation in certain areas. While short-term challenges such as supply chain bottlenecks have eased in the sector, long-term risks persist.

Skilled Labour Availability

Labour remains the primary cost driver across all construction segments. The industry continues to face tight labour market conditions with demand outstripping supply in skilled trades. As a result, infrastructure and large-scale commercial projects see wage inflation and schedule delays. The combination of a slow migration rebound and an ageing workforce exacerbates labour shortages, reduces productivity, and forces a reliance on overtime and subcontracting. The rising cost of labour is not expected to abate in the short-term and stays a major contributor to project escalation.

Material Prices

Material prices showed signs of stability in Q1 and early Q2. Structural materials such as steel and timber have levelled out after a period of strong volatility throughout 2022–2023. The material price plateau increases the predictability of cost escalation. Conversely, energy-intensive materials like concrete, bricks, aluminium, and glass continue to face upward pressure due to energy cost increases.

The Australian dollar recently dropped to a five-year low. Accordingly, imported materials denominated in US dollars have seen cost increases. The full impact of currency depreciation has not yet flowed through, and projects that rely on global procurement for specialised components face a short-to-medium-term risk.

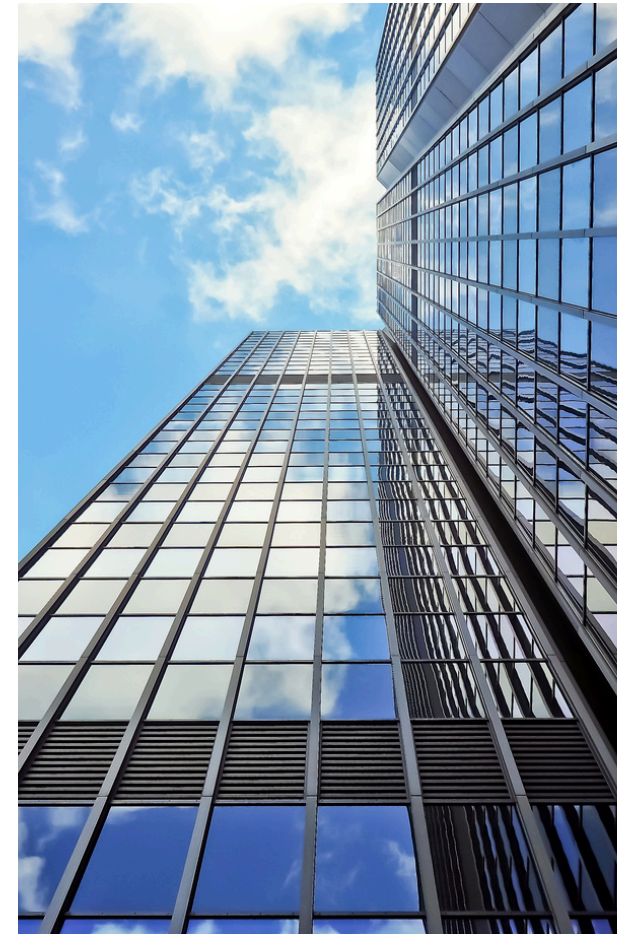
Supply Chain and Geopolitical Risks

The construction sector faces uncertainty in the supply of materials due to geopolitical instability. Conflicts in Eastern Europe and the Middle East, and unresolved tensions in the Indo-Pacific region, shape the fragility of global logistics and potential disruptions. Should tensions escalate, supply chains may experience shipment delay, higher insurance premiums, and freight capacity reductions.

Australian supply chains are more robust than in recent years, but any significant geopolitical event could weaken domestic logistics. The industry remains exposed to global pressures despite Australia's relatively stable domestic manufacturing base.

Inflation and Consumer/Business Sentiment

Headline inflation has moderated but persists in services and wage-sensitive sectors. Firms operate in a climate of caution given the elevated costs of capital and materials over the past two years. Many businesses still absorb margin compression during earlier fixed-price contract periods.



National Outlook

Continued



Consumer sentiment is tepid and reflects a risk-averse household sector. For residential construction in particular, the continuous hesitancy translates to lower volumes of new housing starts and deferred investment in discretionary projects such as home renovations.

Construction Activity

Construction activity has held strong for work already underway despite the weaker sentiment and economic headwinds. While new project commencements have slowed, the volume of work currently under construction stands near record highs. The pipeline includes major infrastructure projects, public sector developments in health and education, and select commercial builds.

The strong levels of ongoing activity mask some broader industry challenges. Many projects that began under more favourable conditions now progress in a less supportive economic environment, which translates to margin squeezes and financial stress for delivery partners.

Contractor Solvency and Industry Risk Profile

The construction sector has witnessed insolvencies at close to record levels over the past 12 months. Financial distress has emerged from legacy fixed-price contracts, payment delays from upstream clients, restricted access to working capital, and lower availability of insurance products. Contractors are cautious towards new work, price risk more aggressively, and scrutinise contract terms. The market capacity is tight due to subcontractor availability constraints.

Outlook

Looking ahead, the national construction sector remains active, but economic pressures continue to challenge project delivery certainty and profitability. The stabilisation of core material inputs offers relief, however, labour remains a major escalation factor. Financing conditions show improvements but are subject to swings from monetary policy outcomes and the inflation trajectory.

To optimise project outcomes, industry stakeholders can engage in thorough project planning, consider risk-sharing contract models, and maintain continuous financial due diligence of delivery partners. A close eye should be kept on input costs, local economic indicators, and global geopolitical risks to navigate the second half of 2025.

MBM View on Building Cost Escalation					
	2024	2025	2026	2027	2028
NSW	5.5%	4.0%	3.8%	3.5%	3.5%
VIC	5.0%	4.0%	4.0%	3.5%	3.5%
QLD	6.0%	8.0%	8.0%	8.0%	8.0%
SA	5.5%	5.5%	5.5%	4.5%	4.5%
WA	5.0%	5.0%	4.5%	4.0%	4.0%

National Outlook

Continued

4.0%

Unemployment in March 2025

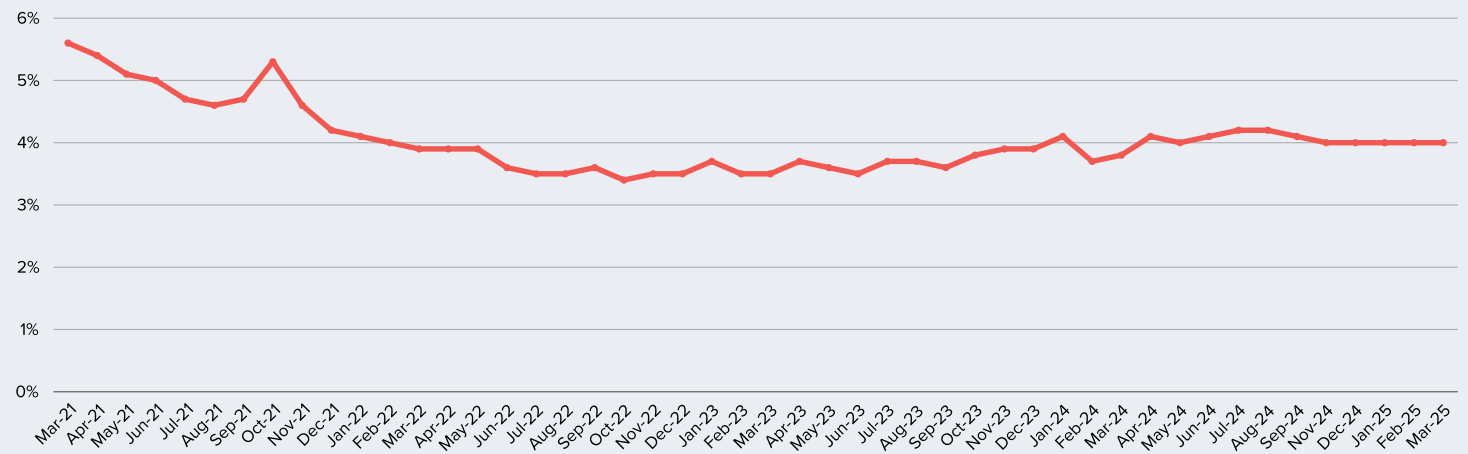
The unemployment rate in March 2025 remained steady at 4.0%. The construction industry faces skilled labour shortages despite major infrastructure and housing projects that drive demand. The scarcity of skilled tradespeople is acute.

3.93%

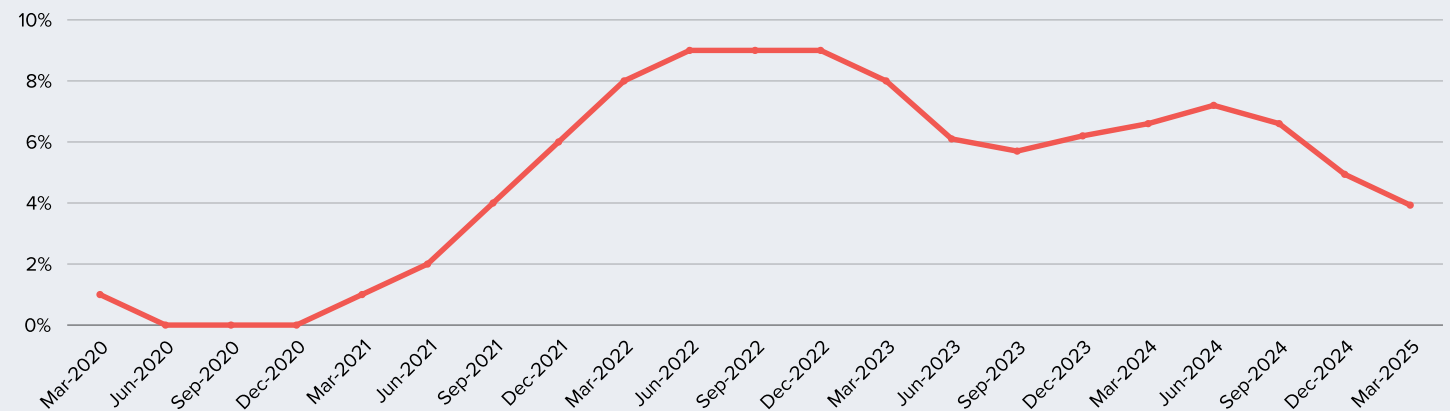
Y-o-Y Non-Residential Building Construction (Q1 2025)

In March 2025, input prices for non-residential building construction rose by 0.76%, contributing to a year-on-year rise of 3.93% nationally. The moderate increase reflects steady market demand and competition from the infrastructure sector. Both sectors continue to compete for skilled labour and concrete, and kept input costs elevated. Notably, quarterly increases have slowed consistently since December 2023.

Unemployment Rate - Monthly, Australia



Non-Residential Building Construction - Australia



Material Price Changes Q1 2025

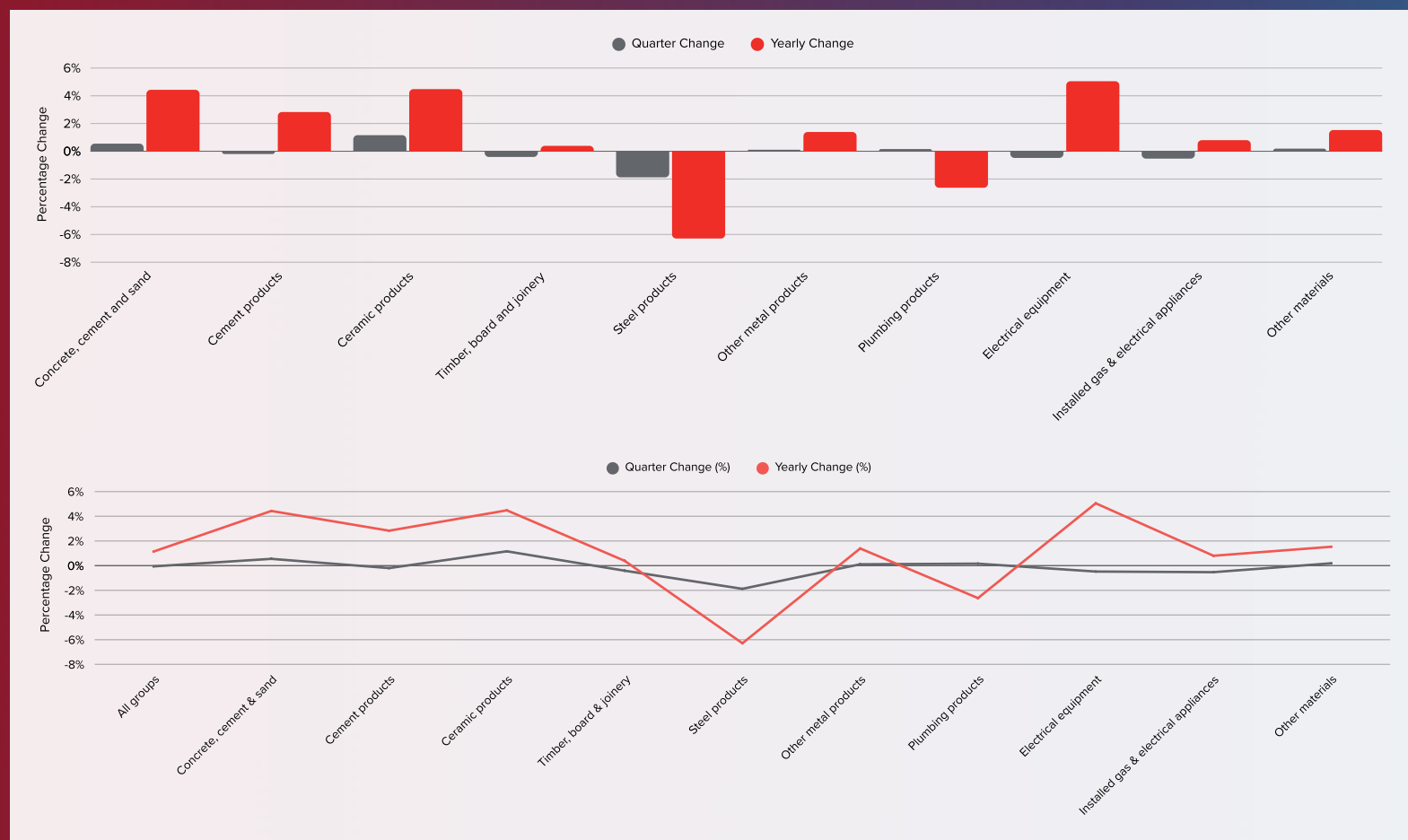
In March 2025, input prices to construction recorded the first quarterly decline since March 2012. The 0.1% fall in prices came from competitive discounts on key materials like timber and steel.

Structural softwood dropped 2.9%, while steel beams and sections fell 2.0% as suppliers responded to weak demand conditions. Electrical equipment prices declined sharply with a 12.0% drop in other electrical components which contributed to broader downward pressure.

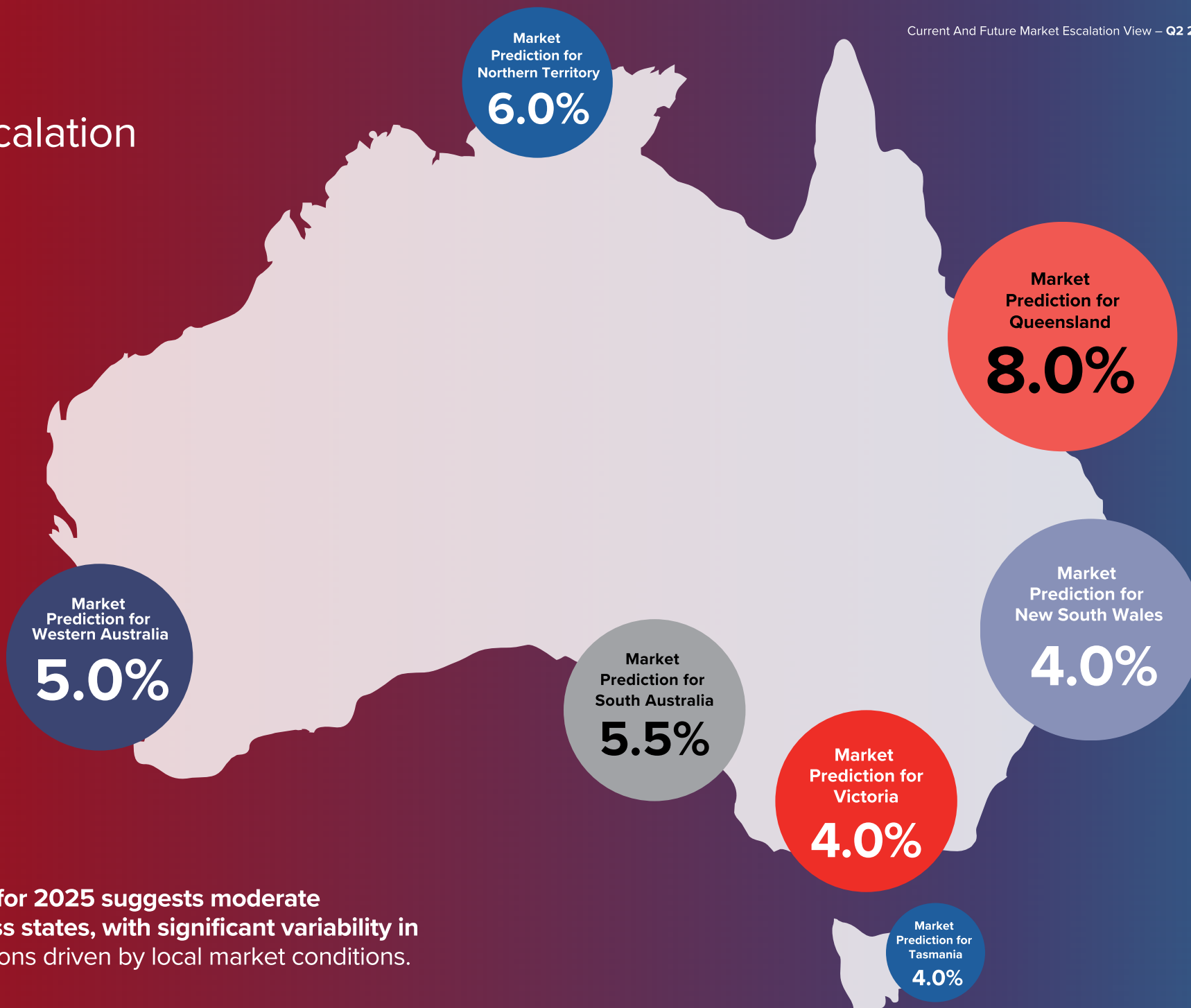
Year-on-year, sector input prices rose 1.1%. Materials such as ceramic products saw increases with a 2.0% rise in clay bricks. The industry's mixed movements reflect an adjustment to slower growth, subdued activity, and cautious optimism heading into the next financial period.

Source:
<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/producer-price-indexes-australia/latest-release>

Table 30 Contribution to Input to the House construction industry index, weighted average of six state capital cities, index points



2025 Escalation Outlook

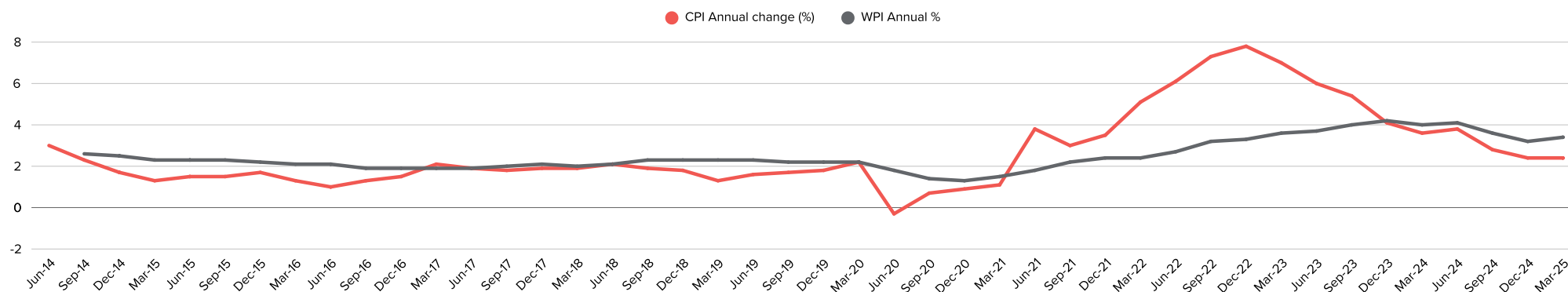


MBM's outlook for 2025 suggests moderate escalation across states, with significant variability in more active regions driven by local market conditions.

Advisory Outlook

The Consumer Price Index rose 0.9% in the March quarter and held steady at 2.4% annual inflation since December 2024.

CPI vs WPI



Government spend continues to be a key driver of demand in the facilities and asset management (FM) sector across Australia. Federal, state, and local governments have issued long-term contracts for public housing, correctional services, and immigration infrastructure. The contracts are a critical revenue stream for FM providers as private sector demand continues to recover post-pandemic. Government clients increasingly favour integrated services and offer long-term contracts that are highly profitable.

Labour remains a major cost factor for the FM industry. The sector expects wage rises despite a projected decline in total employment numbers between 2024 and 2029.

The imbalance between the labour pool and wage rises places pressure on operational margins and is likely to affect service delivery costs in future tenders. Labour cost escalation should be included in long-term budget planning, particularly for contracts with heavy service components or regional delivery challenges. Contractors continue to adapt by streamlining procurement, supply agreement renegotiations, and form strategic partnerships to meet diverse client requirements.

The industry sees a noticeable shift toward investments in systems that reduce manual labour reliance and increase service efficiency. The adjustments aim to contain cost growth and respond to the growing complexity of asset portfolios and compliance requirements.

Overall, the facilities management sector shows stability. However, higher labour costs and shifting client expectations shape a more cautious and efficiency-driven market. Escalation pressures are modest, but likely to increase in specific contract types where workforce requirements are high.

Stakeholders could explore opportunities to adjust procurement models, assess bundled services, and monitor labour market trends as part of plans for future facilities or asset management.

<https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

New South Wales

Outlook



+0.9%

Sydney CPI
Q1 2025

The Value of Construction Work
Done in Q4 2024 was **\$21.4B** -
up 3.0% QoQ

1.19%

Q1 Non-Residential Building
Construction Escalation

\$3.69B

Value of Non-Residential Building Approvals
Q1 2025

The New South Wales (NSW) construction industry feels escalation pressures despite signs of easing. Annual building cost escalation has reduced from 6.6% to 5.4% in Q1 2025. The downward trend aligns with expectations of stabilisation around 4% for the full calendar year. Labour costs persist as a pressure point from greater union activity in key trades like electrical, formwork and concrete, which has kept cost escalation more rigid than anticipated. Ongoing workforce shortages and slow progress on productivity gains continues to place upward pressure on subcontractor pricing.

The Federal Budget delivered \$2.8B in funding for NSW under the Infrastructure Investment Program. Key projects include \$1B to preserve the South West Sydney Rail Extension corridor, and \$580m for road upgrades to support housing growth and flood resilience. The investments will likely stimulate demand in civil construction, engineering consultancy, and early-stage enabling works. The construction pipeline may temporarily increase competition in Western Sydney for skilled labour and materials.

Non-residential construction is steady, though supply-side pressures affect timelines. Looking forward, builder sentiment remains cautious as input price inflation still impacts tender prices and programs from trade availability, long lead times for imported materials, and higher costs in mechanical and electrical packages. Steel and timber products trend towards moderate cost growth with pockets of volatility. Escalation will vary by location and project type, with Western Sydney's greenfield and suburban projects to face higher cost pressures from resource constraints.

Looking ahead, the NSW construction industry is set for a recalibration phase. While the Federal Budget signals a supportive policy environment, the lag between funding announcements and project commencements will moderate short-term activity. As escalation softens, opportunities will emerge for more sustainable project planning and cost control. However, industry and government must address systemic challenges for the gains to materialise. Demand remains strong, but the capacity to deliver is under strain.

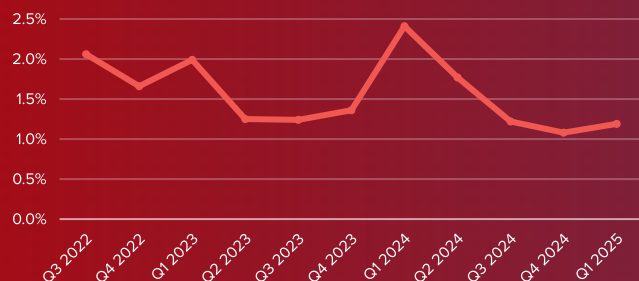
New South Wales

Outlook

ABS Data for New South Wales

Non-Residential Building Construction escalation rose 1.19% in Q1 2025, a continuation of the gradual eases seen over the past year. The Q1 results represents a mild uptick from Q4 2024's 1.08%, but reflects a broader slow down in price growth. Further, the quarterly escalation is a strong year-on-year decrease in comparison to Q1 2024's 2.41%. The market's balanced conditions, slower project starts, and better materials availability have tempered cost escalation in NSW. The data shows a shift towards a more sustainable and predictable environment.

Non-Residential Building Construction Change Per Quarter



Building Construction – New South Wales				Non-Residential Building Construction – New South Wales		
		% Change per Quarter	% Change per Year		% Change per Quarter	% Change per Year
Q4 2020	125.4	-0.40%	-0.79%	119.7	-0.83%	-1.48%
Q1 2021	125.3	-0.08%		119.7	0.00%	
Q2 2021	129.1	3.03%		123.7	3.34%	
Q3 2021	130.8	1.32%		124.2	0.40%	
Q4 2021	135.5	3.59%	8.05%	129.3	4.11%	8.02%
Q1 2022	139.1	2.66%		132.1	2.17%	
Q2 2022	144.0	3.52%		135.7	2.73%	
Q3 2022	147.9	2.71%		138.5	2.06%	
Q4 2022	150.1	1.49%	10.77%	140.8	1.66%	8.89%
Q1 2023	153.6	2.33%		143.6	1.99%	
Q2 2023	155.3	1.11%		145.4	1.25%	
Q3 2023	157.4	1.35%		147.2	1.24%	
Q4 2023	159.3	1.21%	6.13%	149.2	1.36%	5.97%
Q1 2024	161.8	1.57%		152.8	2.41%	
Q2 2024	163.8	1.24%		155.5	1.77%	
Q3 2024	165.6	1.10%		157.4	1.22%	
Q4 2024	166.4	0.48%	4.46%	159.1	1.08%	6.64%
Q1 2025	167.4	0.60%		161.0	1.19%	

Victoria

Outlook



+0.9%

Melbourne CPI
Q1 2025

The Value of Construction Work
Done in Q4 2024 was **\$18.6B** -
down -1.8% QoQ

0.45%

Q1 Non-Residential Building
Construction Escalation

\$7.50B

Value of Non-Residential Building Approvals
Q1 2025

Victoria's (VIC) construction market is more stable in Q2 2025 with contractor reports that activity has plateaued. The VIC market reflects a slow down in demand - particularly for new commercial and large-scale developments - after several years of intense cost escalations and unpredictable supply conditions. Government debt and spending constraints have led to a slowdown in government-backed and infrastructure projects across most public sectors. The pace of new private sector work being released to market has notably slowed. The previously overheated market shows balance with a slight oversupply in certain trades.

Structural steel and concrete packages have shown consistent availability over the past 6 to 12 months. Input costs for major trades have tracked steadily upwards, but not at the aggressive rates seen during the pandemic or immediate post-COVID period. The slow increase has created a more predictable environment for project budgets and tenders. However, the industry could begin to see prices flatten in key trades if broader construction demand further softens as competition among suppliers will intensify.

Subcontractor availability has greatly improved. Head contractors see an increase in quotes, typically receiving four to five per trade package, rather than the two or three seen previously. The response rate improvements indicate greater subcontractor capacity and lower pressure across the subcontractor market. Contractor activity also reflects a cooling in the pipeline of new work which could place downward pressure on prices. Industry stakeholders may benefit from high competition in the short term, but smaller subcontractors with tight margins could face difficulties.

Global risks, such as tariffs, remain a watchpoint amidst ongoing geopolitical tensions. Much of Victoria's construction input materials do not rely heavily on U.S.-based supply chains, so current impacts are minimal. Regardless, the industry faces exposure to broader global price pressures in commodities markets and fuel. Construction costs are likely to stay stable in 2025 if supply and demand remains balanced. Changes in material prices or labour availability could shift the balance again, particularly if public sector spend tightens.

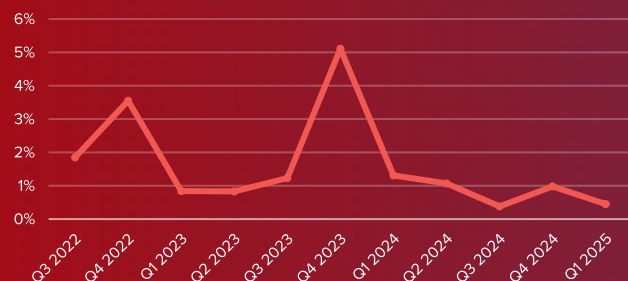
Victoria

Outlook

ABS Data for Victoria

Non-Residential Building Construction escalation in rose by 0.45% in Q1 2025 and mirrored reductions in construction price growth in recent quarters. The quarterly figures is a large departure from the 1.31% observed in Q1 2024. The downward trend highlights Victoria's market stability after several years of sky-high volatility. The slight escalation signals balance in the non-residential construction sector from fewer global supply chain disruptions, better availability of core materials, and moderate price pressure.

Non-Residential Building Construction Change Per Quarter



Building Construction – Victoria				Non-Residential Building Construction – Victoria		
		% Change per Quarter	% Change per Year		% Change per Quarter	% Change per Year
Q4 2020	114.1	0.88%	1.69%	107.2	0.75%	1.61%
Q1 2021	114.7	0.53%		107.3	0.09%	
Q2 2021	115.6	0.78%		108.2	0.84%	
Q3 2021	116.7	0.95%		108.5	0.28%	
Q4 2021	118.1	1.20%	3.51%	109.2	0.65%	1.87%
Q1 2022	121.3	2.71%		111.2	1.83%	
Q2 2022	126.3	4.12%		113.5	2.07%	
Q3 2022	129.8	2.77%		115.6	1.85%	
Q4 2022	133.2	2.62%	12.79%	119.7	3.55%	9.62%
Q1 2023	133.2	0.00%		120.7	0.84%	
Q2 2023	134.5	0.98%		121.7	0.83%	
Q3 2023	135.6	0.82%		123.2	1.23%	
Q4 2023	140.5	3.61%	5.48%	129.5	5.11%	8.19%
Q1 2024	142.1	1.14%		131.2	1.31%	
Q2 2024	143.3	0.84%		132.6	1.07%	
Q3 2024	143.9	0.42%		133.1	0.38%	
Q4 2024	144.3	0.28%	2.70%	134.4	0.98%	3.78%
Q1 2025	143.7	-0.42%		135.0	0.45%	

Queensland

Outlook

+1.9%

Brisbane CPI
Q1 2025

The Value of Construction Work
Done in Q4 2024 was \$14.1B -
down -2.6% QoQ

0.26%

Q1 Non-Residential Building
Construction Escalation

\$1.99B

Value of Non-Residential Building Approvals
Q1 2025



The Queensland construction market remained subdued throughout Q1 2025. Political uncertainty and shifts in priorities stalled decision-making across the public and private sectors. Widespread hesitation was seen from the recent 100-day review by the new state government, recent federal election, and uncertainty surrounding the revised OG32 Olympic Games delivery model. Major capital works and infrastructure commitments are on hold or under reassessment, which contributes to a holding pattern that impacts sector confidence and investment.

Building activity has been affected by the uncertainty with a noticeable dip in project commencements. The pipeline of work in health and defence has slowed considerably with several projects delayed or scaled back. The sectors were previously drivers of public investment, and the contractions affect subcontractor pipelines, materials demand, and associated supply chains. If the trends persist, non-residential building construction costs in Queensland will level off from less upward pressure on input prices.

In contrast, the fitout sector continues to perform well driven from a backlog of commercial refurbishments and asset repositioning, rather than new builds. Education and housing have also shown resilience where funding commitments are already locked in. The state's housing market remains active due to strong interstate migration despite ongoing supply shortages. However, the pace of new supply is slow from higher construction costs, labour constraints, and planning bottlenecks. The education and housing sectors may pick up momentum from future eases in policy uncertainty.

The short-term outlook for Queensland's construction industry hinges on current policy review outcomes. Clarity will be crucial for long-term infrastructure priorities related to the Olympics and regional development. The sector could see a rebound in building approvals and project mobilisation by late 2025 if the Government reaffirms funding and clarifies timelines. Until then, the market will remain flat from weak demand and supply chain constraints. Developers and contractors might explore opportunities in sectors with active funding and prepare to scale as conditions shift.

Queensland

Outlook

ABS Data for Queensland

Non-Residential Building Construction in rose 0.26% in Q1 2025 after a positive end to 2024. The results align with escalation eases across Australia. Queensland's Q1 2024 increase of 2.03% dwarfs the Q1 2025 outcome. The latest numbers reflect a reduction in industry pressures with improvements to labour availability, supply chain disruptions, and materials cost volatility. Queensland's construction industry points to moderate escalation in 2025, provided demand and market conditions remain in balance.

Non-Residential Building Construction Change Per Quarter



Building Construction – Queensland				Non-Residential Building Construction – Queensland		
		% Change per Quarter	% Change per Year		% Change per Quarter	% Change per Year
Q4 2020	121.2	1.51%	0.58%	118.0	1.29%	0.51%
Q1 2021	122.2	0.83%		118.8	0.68%	
Q2 2021	124.4	1.80%		120.8	1.68%	
Q3 2021	130.8	5.14%		126.5	4.72%	
Q4 2021	135.6	3.67%	11.88%	128.4	1.50%	8.81%
Q1 2022	139.7	3.02%		130.8	1.87%	
Q2 2022	146.1	4.58%		135.6	3.67%	
Q3 2022	150.1	2.74%		138.9	2.43%	
Q4 2022	151.2	0.73%	11.50%	139.9	0.72%	8.96%
Q1 2023	152.4	0.79%		141.8	1.36%	
Q2 2023	153.8	0.92%		142.8	0.71%	
Q3 2023	157.2	2.21%		148.0	3.64%	
Q4 2023	157.4	0.13%	4.10%	148.1	0.07%	5.86%
Q1 2024	160.3	1.84%		151.1	2.03%	
Q2 2024	163.1	1.75%		154.3	2.12%	
Q3 2024	164.6	0.92%		155.9	1.04%	
Q4 2024	165.2	0.36%	4.96%	154.6	-0.83%	4.39%
Q1 2025	165.4	0.12%		155.0	0.26%	

South Australia

Outlook



+0.5%

Adelaide CPI
Q1 2025

The Value of Construction Work
Done in Q4 2024 was \$4.3B -
down -1.7% QoQ

0.78%

Q1 Non-Residential Building
Construction Escalation

\$1.01B

Value of Non-Residential Building Approvals
Q1 2025

South Australia's (SA) construction industry was affected by diverse macroeconomic conditions and sector-specific challenges in Q1 and early Q2. The RBA's decision to reduce interest rates in February offered relief to residential and commercial borrowers. Lower mortgage repayments have slightly improved housing affordability and eased cash flow constraints for developers. Financial analysts anticipate further reductions before year-end, which could improve project feasibility and help to stimulate stalled developments.

Headline inflation has slowed to the lowest rate in over two years at 2.4%. Inflationary pressures have cooled from softer utilities costs and housing market stabilisation. Contrastingly, further increases in some construction-related inputs remain a concern as labour and material costs stay high. Supply chains have largely normalised, however, steel and aluminium price volatility may return as global tariff changes begin to impact international trade dynamics. SA's smaller market may buffer major shocks, but niche sectors could face greater cost pressures.

Infrastructure investment continues to prop up market demand. The Federal Government's budget allocations to SA's transport, health, and education projects sustain strong activity in civil and social infrastructure sectors. The demand in places strain on contractor availability in the >\$100m project range. Yet the <\$20m commercial construction sector sees higher subcontractor availability and more competitive trade pricing. MBM forecasts cost escalation of 5–6% in 2025 driven by labour shortages and procurement risks.

New regulatory requirements for sustainability and social housing influence development cost increases under initiatives like the Housing Australia Future Fund (HAFF). The mandates align with long-term environmental and social goals but may require review to avoid further project budget inflation. With the Labour government re-elected, infrastructure priorities and funding commitments are likely to remain stable. However, ongoing regulatory adjustments may drive volatility in SA's construction market.

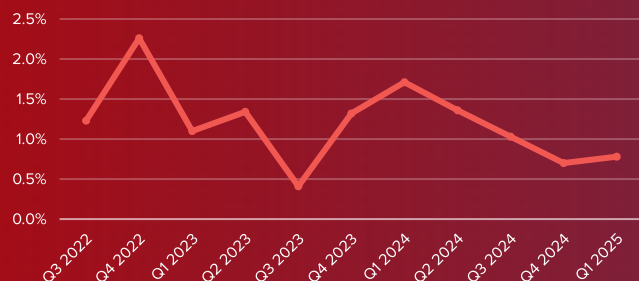
South Australia

Outlook

ABS Data for South Australia

Non-Residential Building Construction escalation rose by 0.78% in Q1 2025 and marks a slight uptick from the 0.70% seen in Q4 2024. The first quarter results show a moderate rise in comparison to recent years and the Q1 2024 escalation of 1.71%. Project activity and steady demand in defence, health, and education sectors drove the escalation outcome. South Australian construction cost inflation will likely reach 5-6% in 2025 due to upward pressure from macroeconomic factors.

Non-Residential Building Construction Change Per Quarter



Building Construction – South Australia				Non-Residential Building Construction – South Australia		
		% Change per Quarter	% Change per Year		% Change per Quarter	% Change per Year
Q4 2020	107.9	0.37%	-1.37%	106.7	-0.19%	-2.82%
Q1 2021	109.4	1.39%		107.6	0.84%	
Q2 2021	110.7	1.19%		108.7	1.02%	
Q3 2021	112.6	1.72%		109.3	0.55%	
Q4 2021	115.8	2.84%	7.32%	110.1	0.73%	3.19%
Q1 2022	118.7	2.50%		111.9	1.63%	
Q2 2022	122.2	2.95%		113.8	1.70%	
Q3 2022	126.5	3.52%		115.2	1.23%	
Q4 2022	129.2	2.13%	11.57%	117.8	2.26%	6.99%
Q1 2023	131.4	1.70%		119.1	1.10%	
Q2 2023	133.8	1.83%		120.7	1.34%	
Q3 2023	134.8	0.75%		121.2	0.41%	
Q4 2023	136.7	1.41%	5.80%	122.8	1.32%	4.24%
Q1 2024	138.6	1.39%		124.9	1.71%	
Q2 2024	141.7	2.24%		126.6	1.36%	
Q3 2024	142.5	0.56%		127.9	1.03%	
Q4 2024	142.0	-0.35%	3.88%	128.8	0.70%	4.89%
Q1 2025	143.4	0.99%		129.8	0.78%	

Western Australia

Outlook

+0.5%

Perth CPI
Q1 2025

The Value of Construction Work
Done in Q4 2024 was **\$12.1B** -
up 3.7% QoQ

0.93%

Q1 Non-Residential Building
Construction Escalation

\$1.80B

Value of Non-Residential Building Approvals
Q1 2025



Western Australia's (WA) construction industry remains active with large investment commitments in public sector health and education infrastructure. The State Government presents a strong five-year capital works pipeline with a focus on healthcare developments and housing across metropolitan and regional areas. The Department of Education continues its school development program with new primary and secondary builds, inner-city schooling models, and greater use of Early Contractor Involvement (ECI) procurement to drive delivery efficiencies.

WA's housing market persists with an undersupply of new dwellings despite slight upticks in construction activity. Buyer activity has been fuelled by reduced interest rates and placed upward pressure on house prices. The WA Department of Finance and Development will keep its focus on social and affordable housing with plans for significant program implementations. However, delivery timelines are stretched and constrained by labour shortages, materials volatility, and a lack of subcontractor capacity.

Fitout works remain steady with pressure on joinery and cabinetry trades, indicating supply chain fragility in specialist packages. Some fitout contractors have shifted towards new build projects to diversify and meet demand. As the Metronet project nears completion, pressure on materials supply eases slightly. Ongoing constraints in structure and façade trades continue to impact delivery timelines and cost certainty. The market holds concerns that US tariff changes may flow through to WA through cost inflation or reduced access to imported goods for specialist components.

Looking ahead, WA's construction pipeline will be shaped by political commitments, cost and labour volatility, and global economic factors. Promises of reduced red tape are unlikely to materially improve delivery unless supported by procurement reform. Infrastructure investment remains uncertain as existing program blowouts risk a diversion of funds from new projects. Monitoring inflation, policy shifts, and supply chain resilience will be critical for project planning.

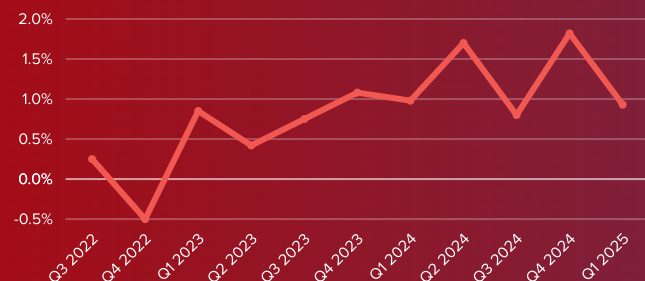
Western Australia

Outlook

ABS Data for Western Australia

Non-Residential Building Construction rose by 0.93% in Q1 2025. The soft increase followed the Q4 2024 spike of 1.82% - the highest escalation point for the year. The slowdown in Q1 reflects a reduction in resource pressures and more manageable project pipelines. Western Australia's cost escalation trends have shown an upward trajectory since late 2022 from demand and resource constraints. Forecasts for 2025 point to continuous cost pressures with quarterly escalation expected to track around 5% across the year.

Non-Residential Building Construction Change Per Quarter



Building Construction – Western Australia				Non-Residential Building Construction – Western Australia		
		% Change per Quarter	% Change per Year		% Change per Quarter	% Change per Year
Q4 2020	106.8	1.62%	4.30%	98.7	0.51%	0.51%
Q1 2021	110.1	3.09%		100.6	1.93%	
Q2 2021	113.5	3.09%		103.7	3.08%	
Q3 2021	116.1	2.29%		107.1	3.28%	
Q4 2021	122.3	5.34%	14.51%	112.7	5.23%	14.18%
Q1 2022	128.5	5.07%		115.8	2.75%	
Q2 2022	132.1	2.80%		118.6	2.42%	
Q3 2022	133.6	1.14%		118.9	0.25%	
Q4 2022	133.9	0.22%	9.48%	118.3	-0.50%	4.97%
Q1 2023	134.6	0.52%		119.3	0.85%	
Q2 2023	134.7	0.07%		119.8	0.42%	
Q3 2023	137.1	1.78%		120.7	0.75%	
Q4 2023	141.8	3.43%	5.90%	122.0	1.08%	3.13%
Q1 2024	145.2	2.40%		123.2	0.98%	
Q2 2024	150.2	3.44%		125.3	1.70%	
Q3 2024	153.9	2.46%		126.3	0.80%	
Q4 2024	155.9	1.30%	9.94%	128.6	1.82%	5.41%
Q1 2025	156.9	0.64%		129.8	0.93%	

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