



## Media release

### New report confirms construction sector downturn

**11 July 2019** – A new report on the Australian construction sector has confirmed the sector is weakening under pressure from the early stages of a sharp downturn.

According to the data and analytics company illion, the construction industry is expected to decrease by two and a half per cent this financial year before returning to modest growth of one per cent the following year to June 2021.

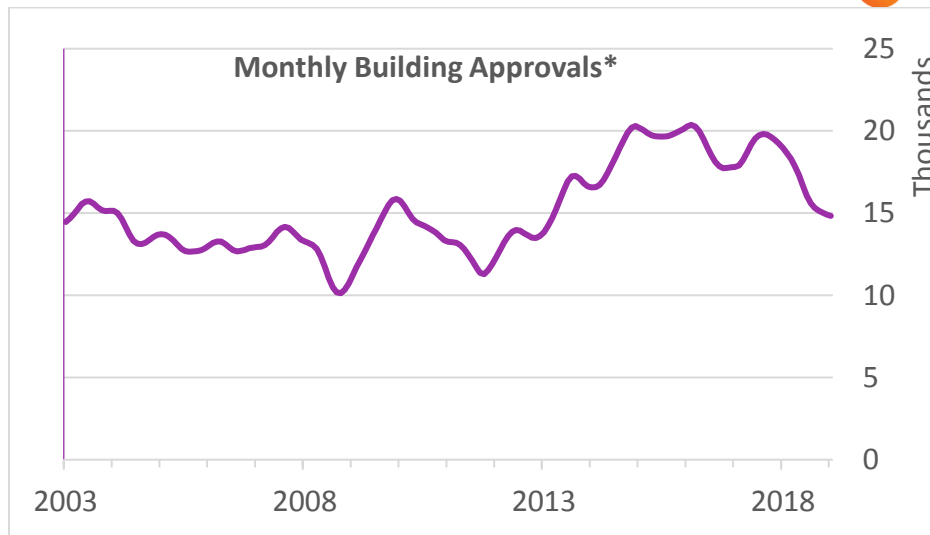
**Table 1: Construction forecasts – percentage growth in real terms\***

	Residential	Private non-res	Public including infrastructure	Weighted forecasts
<b>FY19</b>	<b>0.0</b>	<b>-5.0</b>	<b>6.0</b>	<b>-1.5</b>
<b>FY20</b>	<b>-10.0</b>	<b>4.5</b>	<b>3.0</b>	<b>-2.5</b>
<b>FY21</b>	<b>-3.0</b>	<b>5.0</b>	<b>2.0</b>	<b>1.0</b>

**\*Using data and forecasts from ABS, RBA, Treasury and illion**

illion Economic Adviser Stephen Koukoulas said the construction industry was a key barometer for the broader economy.

“The construction industry is currently in a sharp downturn, with dwelling construction the main concern. By the end of this year, activity in residential is likely to weaken further. With recent and predicted interest rate cuts and non-residential construction expected to edge higher over the medium term, by 2020 we should reach the bottom of this cycle,” Mr Koukoulas said.



\* Source ABS

“There is no question that things are deteriorating in the sector, which appears to be confirmed by share market investors who, since the middle of 2018, have been selling construction shares.

“Public sector infrastructure spending has been strong, but near-term growth may slow as some projects reach completion.

“Any new projects following the Federal election are crucial – especially whether the State and Territory governments commit to new projects proposed by the Commonwealth Government. Unfortunately, we are not seeing a lot of evidence to suggest that level of commitment in the short-term.”

illion Construction Sector Specialist Rukan Zaman said the industry was in denial.

“Our latest illion [Business Expectations Survey](#) shows a sharp slump in actual construction activity, below expected activity. Expectations in the sector have been more positive than actual performance,” he said.

“Due to the significant uncertainty and risks in the construction sector, there is a high likelihood of increased insolvencies. As such, it is critical for those exposed to the construction sector to take appropriate risk management precautions. With the right forward-looking approach, the risk of these negative outcomes could be significantly reduced.

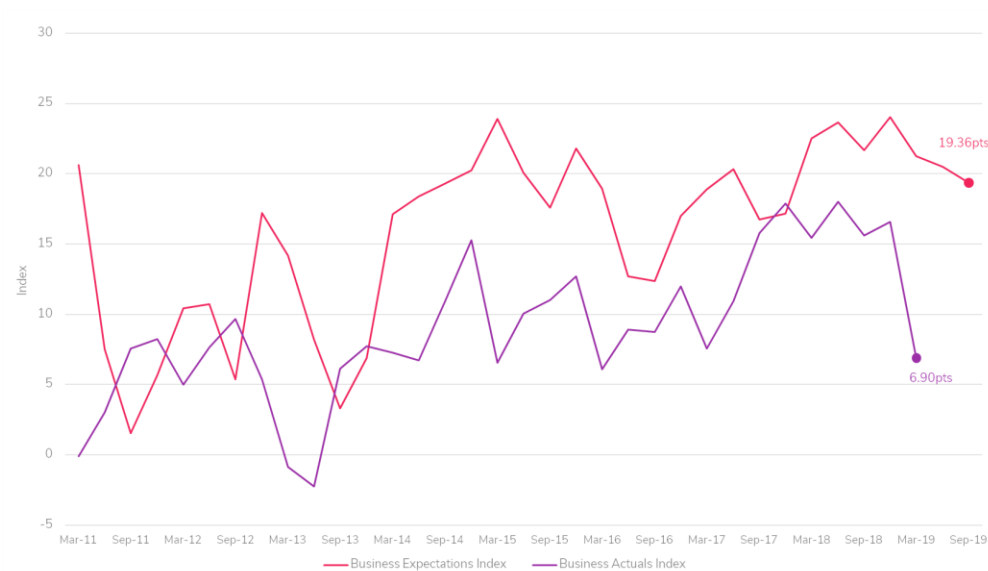
“When a client, supplier, or business partner gets into financial difficulty, this may cause delays, disruptions, financial loss and reputational damage.

Businesses in the sector routinely perform credit checks and/or risk monitoring, and illion has the best commercial dataset on the market to compare all the options quickly and efficiently in order for a business to make informed decisions to ensure it has a robust end-to-end risk management process.



“In one instance, we are assisting a large civil works contractor that won a tender for a substantial public works contract. The firm has thousands of subcontractors that they use routinely to complete work of this nature, and we are undertaking credit checks and ongoing monitoring for the duration of the project.

“Don’t be one of those people who denies there is a problem. Ask illion how we can help you to make sure you survive the downturn and get your business into the best possible place to move forward,” said Mr Zaman.



ENDS

## About illion

illion is the leading independent provider of trusted data and analytics products and services in Australasia, with the company’s consumer and commercial registries representing a core element of Australia and New Zealand’s financial infrastructure.

We leverage consumer and commercial credit registries, which comprise data on over 24 million individuals and over 2 million commercial entities, to provide end-to-end customer management solutions to clients in the financial services, telecommunications, utilities and government sectors.

Trusted Insights. Responsible Decisions.

### Media enquiries:

**Georgina Hall**

[Ghall@apollo.sydney](mailto:Ghall@apollo.sydney) / 0420 571 720