

Shortages in the availability of skilled labour, together with a decreasing supply of entrants to the labour market and the ageing workforce are having a negative impact on the construction industry. What does this mean for the industry and what is its effect on developers, builders and financiers?

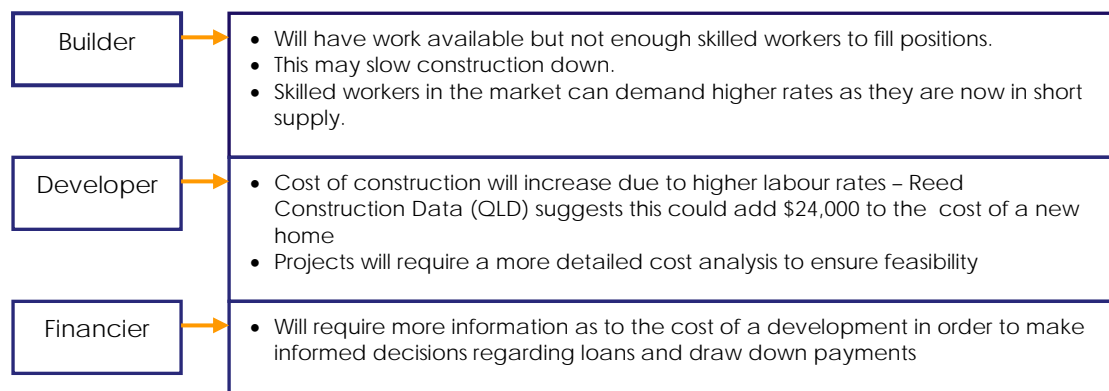
There are a number of factors that will lead to Australia's labour shortage now and in the coming years. Some of these include:

1. It is anticipated that between 80,000 and 100,000 tradespeople are going to leave the construction industry Australia wide in the next five years, and they are going to be replaced by only 40,000 workers. There is also an annual shortfall of between 20,000 and 25,000 apprentices a year. Young people today have increased choice of career options, with many choosing university or computer related fields over the traditional trade apprenticeship.
2. Australia's ageing population – 55% of construction workers are aged over 35 years of age. This will mean that between 2011 and 2030, quite a number of tradespeople in this age group will retire, leaving a shortage of skilled labour in the marketplace.
3. Increasing job vacancies – Figures released by the Australian Bureau of Statistics on August 18, 2005 showed job vacancies jumped 6.2% in the February quarter to 148,300 – the highest level since records started in 1979. There are more vacancies than skilled workers to undertake the positions advertised. The urgency of this issue is illustrated by in excess of 300 vacancies for apprentices and tradespeople in South East Queensland across the traditional trades. The construction industry currently employs approximately 845,000 people Australia wide and has recorded strong growth over the past five years with almost 150,000 new jobs created. Over the five years to 2009-10, the construction trade is expected to create 13,700 new jobs per year.

What can be done about this shortage? A number of options exist:

- Encourage the immigration of foreign skilled workers to offset the shortage of Australian workers.
- Make apprenticeships more attractive to the marketplace. This may involve changing people's perception of apprenticeships, increasing pay, or shortening the length of apprenticeships to encourage new entrants.
- Encourage people to stay out of retirement for longer. Introduce incentive schemes so people remain employed for as long as possible.

What does this shortage mean for the builder, developer and financier?



BMT & ASSOC continually test and research the market to remain aware of any labour cost fluctuations in the construction industry. BMT & ASSOC can help financiers to accurately determine the total cost of a development, including labour rates, through our project auditing service. We provide objective appraisals of the developer's estimate and then continually check that the project proceeds on time and to budget through our monthly progress payment valuations. We also provide a range of other cost planning services that can ensure that the financier is fully informed as to the total development cost. We can provide feasibility studies to determine the viability of the development, cost plans at varying stages of the development, or cost to complete estimates if the development is already underway.

News ~ BMT & ASSOC in Brisbane

BMT & ASSOC has grown to include a growing presence in Queensland since the Brisbane office was established in May 2002. We have built our client base in Queensland to a point that a number of our clients are now asking about our ability to service their needs with financiers. Throughout NSW, BMT & ASSOC specialise in providing advice to financiers and developers for residential, commercial and industrial projects (including land subdivisions) up to \$30 million, and this is our target project size and market in Queensland.

We currently have a portfolio of 212 projects under construction nationally of which 15 are in Queensland. We hope to grow this number to 265 nationally by June 30 2006, of which the majority of growth we expect to come from Queensland. Our Brisbane office, like the rest of BMT, has a culture that focuses on client service and in order to continue to grow in Queensland we believe this culture is the guarantee that all measures will be undertaken to ensure that projects progress as scheduled, while protecting the interests of the financier at all times.

Due to our growth, we are also in the process of relocating our Brisbane office. Details to follow in the near future.

Recently Completed Projects

Location: Central Coast
Project type: 16 residential units
Approx. Square Metre Construction Rate: \$1,100 m/2



Location: South West Sydney
Project type: 5 residential units
Approx. Square Metre Construction Rate: \$600 m/2

Location: Sydney City
Project type: Refurbishment commercial property
Approx. Square Metre Construction Rate: \$450 m/2



Location: Far North Queensland
Project type: Single residential dwelling
Approx. Square Metre Construction Rate: \$2,100 m/2

Location: South Victoria
Project type: 3 residential units
Approx. Square Metre Construction Rate: \$1,200 m/2

Further Information

Please feel free to contact Tom Plenty, Bradley Beer or Pedro Cardoso if you wish to discuss the above further or require any additional information.

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