

## **Australia Construction Machinery Market - Growth, Trends, Covid-19 Impact, and Forecast (2023 - 2028)**

Market Report | 2023-01-23 | 70 pages | Mordor Intelligence

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### **Report description:**

Currently, the Australian construction machinery market is valued at USD 2,528.39 million, and it is expected to reach USD 3,081.11 million while registering a CAGR of 3.35% over the next five years.

The COVID-19 pandemic had a negative impact on the market because the government imposed lockdowns and restrictions, which paused economic and transportation activities in the country, affecting construction activities. However, as soon as the government allowed relaxations in lockdown norms, activity picked up, and demand returned to the market.

Long-term demand is expected to be driven by government spending on construction and infrastructure activities in the country, with a focus on boosting the country's economy.

For instance, the Australian Government allocated AUD 586.4 million (USD 396.7 million) in additional funding for a major upgrade of the Bruce Highway to widen a 13-kilometer stretch through Brisbane's outer northern suburbs in the October 2022-23 Budget.

Growing demand for cutting-edge technology and digitization in construction machinery is expected to propel the market even further. However, a rising preference for construction equipment rental, owing to high initial investment and maintenance costs, is expected to remain a major market restraint during the forecast period. Furthermore, the incorporation of autonomous equipment into the fleet and on-site deployment of durable machinery across multiple projects are expected to provide lucrative opportunities for market participants. For instance,

### **Key Highlights**

May, 2021: Kobelco Construction Machinery Australia (KCMA) launched the first in a line of extra heavy-duty excavators in its XD

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Series, the SK500XDLC-10. The SK500XD is built for great durability and engineered to operate in harsh conditions for a variety of applications in Australia.

New South Wales, Victoria, and Queensland are three notable states in Australia that are experiencing positive market trends in the construction sector. Key players are expected to invest across these regions in such an upbeat environment. The use of machinery is also expected to increase across a variety of state and private construction projects. All of these factors are expected to drive market growth during the forecast period.

#### Australia Construction Machinery Market Trends

##### Rising Infrastructure Development and Construction Activities to Drive the Market

Infrastructure spending by the Australian government and private players in the country has increased significantly in recent years, driving demand for construction machinery and equipment. According to the Australian Bureau of Statistics, residential building construction activity in Australia has gradually increased.

Though the construction sector experienced a moderate slowdown as a result of the pandemic, the development of infrastructure across the country is expected to provide tremendous opportunities for construction machinery manufacturers to increase their revenues, as equipment plays an important role in these activities. Furthermore, the construction sector is seeing significant foreign direct investment (FDI). For instance, in 2021, Australia attracted AUD 17.6 billion (USD 11.9 billion) in foreign direct investment in the construction sector, with the highest FDI being registered in construction in 2019, with more than AUD 21.4 billion (USD 14.5 billion).

Growing government initiatives to further accelerate infrastructure development in-country is, in turn, boosting demand for construction machinery. For instance,

February 2022, the Australian government launched a new USD 300 million program to encourage mass timber construction across the property sector, to bring a new approach to achieving a net zero emissions economy.

Moreover, the total number of dwellings under construction reached a new high of 241,926 in June, up 0.7% from the previous high of 240,156 in March. This increase was driven by private sector new house construction, which has reached new highs since March 2021, with 102,908 new private houses under construction in June 2022.

##### Dump Trucks Expected to Witness Significant Growth during the Forecast Period

During the forecast period, dump trucks are expected to hold a significant market share in the Australian construction machinery market. The automation of dump trucks is a continuing trend in the Australian market, as concerns about safety and operating efficiency, particularly in the mining industry, take center stage.

On almost every construction site, dump trucks are required. They have limited functions but are essential for moving and dumping various types of materials used on construction sites. Dump trucks are available in a variety of sizes to meet a variety of capacity and load requirements. Manufacturers have begun to launch new products in response to rising demand in order to increase their market share. For instance,

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In April 2022, Rio Tinto and Scania launched new trials of 40-tonne autonomous quarry dump trucks and quickly achieved driverless operation results in a simulated load and transport cycle environment.

Increasingly stringent emission standards have also increased the demand for electric dump trucks in the country. However, due to the increased demand for dump trucks, many companies now provide rental services. Because rental services eliminate the upfront investment and maintenance costs, the growth of rental firms is expected to have a negative impact on the growth of this segment.

#### Australia Construction Machinery Market Competitor Analysis

The Australian construction machinery market is moderately consolidated, dominated by major companies, such as Komatsu, Caterpillar Inc., John Deere & Co., XCMG, and Hitachi. The major players in the market are focusing on improving their product portfolios to widen their customer base. Some other key players aim to expand their presence in the market through acquisitions, mergers, and collaborations with other companies. For instance,

In September 2021, Caterpillar Inc. announced the development of its new Cat M320 wheeled excavator aimed at optimizing performance and efficiency at the Jobsite with up to 9% more swing torque than the Cat M320F to improve efficiency.

In March 2021, Hitachi Construction Machinery Co. Ltd announced that the company invested in Australian startup Baraja Pty Ltd. Through its investment in Baraja, Hitachi Construction Machinery will use Baraja's Spectrum-Scan LiDAR technology to accelerate the pace of development for improvements to the autonomous haulage system (AHS) for dump trucks and autonomous operation of ultra-large hydraulic excavators.

In January 2021, Sumitomo Corporation and JGC Holdings Corporation, which operate the overseas engineering, procurement, and construction (EPC) business of the JGC Group, signed a Front EndEngineering and Design (FEED) contract for the hydrogen-related project planned by Sumitomo Corporation in Gladstone, Australia.

#### Additional Benefits:

The market estimate (ME) sheet in Excel format  
3 months of analyst support

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