

## **Australia Construction Equipment Market - Strategic Assessment & Forecast 2023-2029**

Market Report | 2023-05-17 | 178 pages | Arizton Advisory & Intelligence

### **AVAILABLE LICENSES:**

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### **Report description:**

The Australia construction equipment market size is expected to grow at a CAGR of approximately 3.80% from 2022 to 2029.

### **KEY HIGHLIGHTS**

- The earthmoving construction equipment segment accounted for the largest share of the Australia construction equipment market in 2022. In the Earthmoving Segment, excavators accounted for the largest share in 2022.
  - The Bruce Highway upgrade program is one of the largest projects in Queensland, which aims to improve safety and flood resilience and increase capacity along the highway between Brisbane and Cairns. The programs will include 99 new bridges, 372 km of roadside safety barriers, and 85 km of pavement rehabilitation.
  - Melbourne, focusing on green infrastructure, has planned to improve urban amenities and quality of life and develop landscape connectivity. The green roof project is a joint investment between the Department of Environment, Land, Water and Planning and the City of Melbourne, each contributing USD 1.25 million. The project is designed to be 1500 square meters which the University of Melbourne will utilize for its R&D.
  - Another project, Coffs Harbour Bypass, includes a 14 km bypass, which aims to improve connectivity, road transport network, and safety. The project has a value of USD 1.1 billion, and the construction is expected to finish by 2027.
  - Another highway upgrade project is in the pipeline, the Newell Highway Heavy Duty Paved Upgrade [HDPU]. With an estimated value of USD 257 million, the project plans to include five new overtaking lanes, widening roads, intersectional improvements, and 27 km of repaved roads.
- Government Investment In Public Infrastructure
- The government in Queensland has laid out USD 75 million in its 2022-2023 budget for the construction of common user infrastructure to encourage the development, extraction, and production of critical minerals. The Vanadium Common User Facility project in Queensland is currently in development and will be located at the Cleveland Bay Industrial Park in Townsville. The facility will process Vanadium deposits allowing multiple small mining operations to access the facility. The facility would be

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equipped with solutions for safe renewable energy storage. The demo facility is set to open in 2023.

-[]The country's largest infrastructure projects include WestConnex, valued at USD 11.1 billion, a 33 km motorway in New South Wales. It is due to complete in 2023. Another one of the largest public transport projects is the construction of the Sydney Metro. The project Vantage Data Center Johannesburg Campus located in Waterfall City is expected to be completed by 2025 and will boost the demand for excavators in the Australia construction equipment market. The campus will include 80MW of IT capacity and be built on around 12 hectares.

-[]Australia, in 2022, has approved USD 34 million worth of grants for developing six important projects to boost the development of the critical mineral resource industry. The government is expected to support more than 500 new jobs. Minister for Resources claimed that Australia has the potential to become the major global supplier of critical minerals.

## MARKET TRENDS & DRIVERS

### Government's Infrastructure Investment Program to Propel Sales of Construction Equipment

The country has a robust pipeline of public sector-funded projects. The 2022-2023 budget announced the investment of USD 12.0 billion over ten years to important infrastructure projects across the country, such as road and rail. Additionally, the government promised the investments to exceed USD 146 billion between 2021-2025. Further, the country's largest infrastructure projects include WestConnex worth USD 11.3 billion, Sydney Metro (USD 12 billion), and Melbourne Metro Tunnel (USD 11 billion). Moreover, the government of South Australia committed to investing USD 18.6 billion in building new and upgrading infrastructure.

### Increased Investment In Renewable Energy Projects To Boost The Demand For Material Handling Equipment

The country's Powering Australia plan focuses on projects that reduce emissions by boosting renewable energy. Moreover, the Community Solar Banks program expects to provide approximately USD 68.9 million, which will help Australian households access cheap solar-powered energy. Moreover, the government has invested over USD 4.1 billion in renewable energy generation & energy storage. South Australia attracted approximately USD 4 billion in foreign investment for power generation projects such as wind, solar PV, solar thermal, batteries, pumped hydro, compressed air, and thermal storage.

### Growth In The E-Commerce Industry To Boost The Development of Warehouses In The Country

NewCold (logistics company), in Dec 2022, announced to invest USD 160.3 million to build its first warehouse in Sydney's west. Construction is designed to take place in two phases; the 1st phase will include a frozen pallet warehouse with 80,000 pallets. Woolworth (supermarket chain) announced its plans to construct two new automated warehouses at Moorebank Logistics Park in Western Sydney. The warehouses are anticipated to be operational by 2024. Construction on Axis Alexandria Warehouse in Sydney is underway, including constructing a two-story, multi-unit warehouse and a distribution building on 1.69 hectares of land. The project, therefore, involves the construction of nine small warehouse units, parking facilities, and loading and unloading facilities.

### Increase In Sales of Hybrid And Electric Construction Equipment To Reduce Carbon Emissions In The Country

Volvo CE launched its new Volvo CE EC300E Hybrid Excavator in the Australia construction equipment market in Feb 2023, an environmentally friendly option offering improved fuel efficiency. The machine consumes less than 15% of the fuel and generates 15% fewer carbon emissions. Also, in March 2023, Hitachi Construction Machinery announced it would launch new wheel loaders and excavators from its popular ZW-7 and ZX-7 series in Australia. These machines are equipped with Stage-V-compliant fuel-efficient engines. The excavator engines are made up of Selective Catalytic Reduction (SCR) system, Diesel Oxidation Catalyst (DOC), and Catalysed Soot Filter (CSF).

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## Integration Of Telematics System In The Construction Equipment Enabling Optimum Performance

CareTrack offers its customers solutions to manage their equipment efficiently, delivering optimum performance. CareTrack also helps operators to use their machines efficiently by optimizing time and fuel consumption. In 2022, Komatsu acquired Australian Telematics Company Mine Site Technologies, a provider of operational optimization platforms for underground mining. Komatsu aims to improve technological solutions, including the automation and teleoperation of mining equipment.

## Construction Equipment Manufacturers Launching Smart Construction Solutions For Optimised Performance

Komatsu introduced the 'Smart Construction Field,' which allows contractors to analyze data instantly and find cost-effective ways to manage and resource projects. Komatsu joined hands with Moovila (software provider) to develop a smart construction field (a mobile app). The technology aims to permit contractors to record job site activity and analyze operational efficiencies in real time. The company also launched the 'Smart Construction Drone,' which allows the collection of visual topography on the job site. This drone technology captures quantities for production tracking and billing, eliminating the manual survey. This drone solution can take photos up to 400 feet above ground level and be used to pre-verify the job site.

## INDUSTRY RESTRAINTS

### Skilled Labor Shortage In The Country To Hamper Construction Activities In The Region

In 2022, National Skill Week's chairman reported a critical skilled labor shortage in the construction sector, hampering the project delivery timelines. It was predicted that the shortage would reach 100,000 vacancies by 2023.

Home Builders Institute (HBI) announced that the construction industry would need to generate 740,000 new jobs annually to align with the industry's skilled labor demand. However, the country's aging population is adding further pressure. It has been projected that by 2066, older people in Australia will account for 21% to 23% of the total population.

### The Scarcity of Industrial Space May Hamper The Pace of Warehouse Development Projects

There is a chronic scarcity of warehouse supply in the Australian market due to tight industrial land. Completion dates of new projects have been delayed in the pipeline, and the average rents have also increased significantly over 2022.

Australia needs more than 1,800,000 square meters of industrial and logistics space to meet the rising e-commerce demand. Online sales are projected to reach 17% of the total retail sales by 2026. The prolonged lack of space expects to hinder the sales of construction equipment such as forklifts and telehandlers in the Australia construction equipment market.

## VENDOR LANDSCAPE

-Caterpillar, Volvo Construction Equipment, Liebherr, Hitachi Construction Machinery, Komatsu, XCMG, JCB & SANY are prominent vendors in the Australia construction equipment market.

-Caterpillar has the strongest share in Australia's market. Caterpillar, Volvo CE, Komatsu, & Hitachi Construction Machinery are the leaders in the Australia construction equipment market and has a strong distribution network & have a diversified product portfolio.

### Key Vendors

-Caterpillar

-Komatsu

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- [ ] Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- [ ] Liebherr
- [ ] Volvo Construction Equipment
- [ ] Hitachi Construction Machinery
- [ ] CB
- [ ] SANY

#### Other Prominent Vendors

- [ ] John Deere
- [ ] Manitou
- [ ] Kobelco
- [ ] Yanmar
- [ ] Kubota
- [ ] MERLO Group
- [ ] Terex Corporation
- [ ] Liu Gong
- [ ] Takeuchi Manufacturing
- [ ] GEHL
- [ ] Sumitomo Construction Machinery Co., Ltd.
- [ ] ASV
- [ ] Kanga Loader
- [ ] SDLG

#### Distributor Profiles

- [ ] CJD Equipment
- [ ] Semco Equipment Sales
- [ ] Conplant
- [ ] Tutt Bryant
- [ ] Capital Construction Equipment
- [ ] BPF Equipment

#### KEY QUESTIONS ANSWERED:

1. [ ] How big is the Australia construction equipment market?
2. [ ] What is the growth rate of the Australia construction equipment market?
3. [ ] Who are the key players in the Australia construction equipment market?
4. [ ] What are the trends in the Saudi Arabia construction equipment market?
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