

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

Market Report | 2023-12-06 | 197 pages | Arizton Advisory & Intelligence

### **AVAILABLE LICENSES:**

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### **Report description:**

The Australia compact construction equipment market is expected to grow at a CAGR of approximately 5.09% from 2022 to 2029.

### **KEY HIGHLIGHTS**

- Compact excavators accounted for the largest market share of the Australia compact construction equipment market in 2022. Construction industry end-users accounted for Australia's most significant share of compact construction equipment; compact equipment sales grew sharply in 2021 post-pandemic. The sales increased due to rising infrastructure investment & housing sector across the country.
- Compact excavators and forklifts have the most substantial market share in Australia compact construction equipment market.
- Investment in infrastructure development projects, including investment in housing schemes & transport facilities, supports the growth of the construction industry. Some major challenges include the growing risk of economic recession, supply chain pressures, and over-dependency on foreign labor forces.
- Compact construction equipment has nearly 50% of overall construction equipment sales in the Australia compact construction equipment market.
- The most popular compact excavator is a 1.5-ton mini excavator. The highest-selling model is 18Z-1 (1.8 ton) in Australia.
- Western Australia is an epicenter and an essential player in the global mining industry. The region is a significant iron ore supplier with several projects, for instance, in the Pilbara region.

### **SEGMENTATION ANALYSIS**

#### **Segmentation by Type**

- Excavators

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- Backhoe Loaders
- Wheeled Loaders
- Track Loaders
- Skid Steer Loaders
- Telehandlers
- Forklifts
- Aerial Platforms
- Others (Articulated Loaders, Truck Carriers)

#### Segmentation by Application

- Material Handling
- Maintenance & Utility Works
- Waste Management
- Other Applications

#### Segmentation by End Users

- Construction
- Mining
- Warehouse & Logistics
- Other (Maintenance & Utility Works, Landscaping, Power Generation)

#### MARKET TRENDS & DRIVERS

##### Government's Infrastructure Investment Supports Compact Equipment Demand

- The government planned USD 120 billion for infrastructure projects in the pipeline over ten years. The investment focuses on projects that improve long-term productivity, supply chains, and economic growth in various cities and regions.
- Additionally, the government promised the investments to exceed USD 146 billion between 2021-2025. Private sector construction demand is projected to be between USD 8.0 and USD 9.5 billion 2023. The residential and commercial construction projects are expected to grow in 2023.
- In 2023-24, the government will provide funding of USD 15.5 billion to support state infrastructure projects. The government includes road and rail infrastructure funding through the Infrastructure Investment Program under the National Partnership Agreement on Land Transport Infrastructure Projects. It supports the Australian compact construction equipment market growth.

##### Growth in the E-commerce Industry Prompts Investment in Warehouses Expansion Projects

Australia is one of the world's largest e-commerce markets; e-commerce spending reached USD 50.2 billion in 2022, a 13% increase compared to 2020. Further, 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. The growing number of warehouse construction is projected to impact the Australia compact construction equipment market positively. Also, 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.

##### Rise in Sales of Hybrid and Electric Compact Equipment in the Australia Compact Construction Equipment Market

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Australia's Long-Term Emissions Reduction Plan aims to achieve net zero emissions by 2050. Construction equipment manufacturers and companies increasingly know the government's environmental regulations. Further, Volvo CE launched its new Volvo CE EC300E Hybrid Excavator in Feb 2023, an environmentally friendly option offering improved fuel efficiency. The machine consumes less than 15% fuel and generates 15% less carbon emissions. In March 2023, Hitachi Construction Machinery announced it would launch new wheel loaders and excavators from Australia's popular ZW-7 and ZX-7 series.

#### Incorporation of Telematics System in Compact Equipment for Optimum Performance

- Telematics is remote communications and informatics that are majorly used for fleet tracking or managing a group of vehicles and other assets. Off-road telematics can track the performance and location of both plant and equipment in real time.
- On-road telematics provides operators with reporting data updated with information related to human resources. Such benefits will lead to the adoption of telematics.
- In 2023, Volvo CE launched and integrated its new telematics system- CareTrack, in its articulated haulers (A25-A60), wheeled loaders (L60-L350), and excavators (EC140-EC950).

#### INDUSTRY RESTRAINTS

##### Shortage of Labor Force Hampering Construction Projects

- In 2023, Australia continues to see a shortage of skilled labor. Affecting all industries and depleting labor resources, it shows no signs of diminishing.
- National Skill Week's chairman reported a critical skilled labor shortage in the construction sector hampering the project delivery timelines in 2022. It was predicted that the deficit would reach 100,000 vacancies by 2023.
- A labor shortage can lead to avoidable issues for the construction industry, such as increased workplace injury, extensive project delays, less quality control, and higher construction project costs.
- According to Arcadis Construction Costs Index Report 2023, there will be more than 100,000 unfilled roles in the Australian construction industry.

##### Surge in Housing Construction Cost Negatively Impacts Housing Projects

- Rising construction costs impact the Australian housing industry. The contractor is holding off building tens of thousands of homes across the region despite already gaining planning approval, mainly because of surging construction costs, with apartments and townhouses the majority of those shelved in Victoria region.
- The Housing Association Industry mentioned the continuous rise of construction costs because of high energy prices and inflation. The cost of energy-intensive resources such as cement, glass & aluminum has increased tremendously.
- According to the Australian Bureau of Statistics, in 2022, prices of commodities such as steel products witnessed a 42.1% increase.

#### VENDOR LANDSCAPE

- Caterpillar, Komatsu, Kubota, Hitachi Construction Machinery, and Volvo Construction Equipment are leaders in the Australia compact construction equipment market. These companies have substantial market share and offer diverse sets of equipment.

##### Prominent Vendors

- Caterpillar

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- []Komatsu
- []Xuzhou Construction Machinery Group Co. Ltd. (XCMG)
- []Volvo Construction Equipment
- []Hitachi Construction Machinery
- []CB
- []SANY
- []Kobelco
- []Hyundai Construction Equipment
- []Kubota
- []Bobcat

#### Other Prominent Vendors

- []John Deere
- []Yanmar
- []LiuGong
- []Takeuchi
- []Toyota Material Handling
- []Manitou
- []CNH Industrial
- []Mecalac
- []Kanga Loaders
- []HYSOON AUSTRALIA PTY LTD.
- []Yuchai
- []Task Forklift
- []Hangcha
- []Maximal
- []Ditch Witch
- []Haulotte Group
- []Faresin

#### Distributor Profiles

- []CJD Equipment
- []Semco Group
- []Tutt Bryant
- []Capital Construction Equipment
- []BPF Equipment
- []CEA
- []Forklifts Australia
- []Hitachi Construction Machinery Pty Ltd

#### KEY QUESTIONS ANSWERED:

- 1.[]How big is the Australian compact construction equipment market?
- 2.[]What is the growth rate of the Australia compact construction equipment market?
- 3.[]Who are the critical Australian compact construction equipment market players?

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- 4. What are the trends in the Australian compact construction equipment industry?
- 5. Which are the primary distributor companies in the Australian compact construction equipment market?

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11.3 Vendors (Caterpillar| Komatsu| Volvo CE | Hitachi Construction Machinery| Kubota| Bobcat| John Deere| Takeuchi| JCB| Hyundai Construction Equipment| XCMG| SANY| Manitou | Zoomlion| LiuGong | Yanmar | Toyota Material Handling| Kobelco| CNH Industrials| Mecalac |Kanga Loaders | Hysoon Machinery | Yuchai | Task Forklift | Hangcha | Maximal | Haulotte | Faresin | Ditch Witch)

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