

Australia Construction - Market Share Analysis, Industry Trends & Statistics, Growth Forecasts (2026 - 2031)

Market Report | 2026-02-09 | 150 pages | Mordor Intelligence

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Report description:

Australia Construction Market Analysis

Australia Construction Market size in 2026 is estimated at USD 173.18 billion, growing from 2025 value of USD 166.36 billion with 2031 projections showing USD 211.71 billion, growing at 4.1% CAGR over 2026-2031.

Large-scale fiscal stimulus, record migration-driven housing demand, and rising public investment in transport and clean-energy assets underpin this outlook. Tier-1 contractors continue to win bigger civil packages while smaller firms struggle with price volatility, pushing consolidation. Prefabrication, modular methods, and digital engineering adoption are increasing as contractors seek productivity gains and compliance with tougher sustainability codes. At the same time, material-cost pressures and labor shortages temper margins, keeping risk management central to project delivery across the Australia construction market.

Australia Construction Market Trends and Insights

Infrastructure-funded Fiscal Stimulus Pipeline

Record federal and state allocations are reshaping project pipelines by prioritizing roads, rail, and energy assets. The 2025-26 federal budget earmarks USD 17.1 billion for transport corridors, while Queensland's USD 5.75 billion Logan & Gold Coast Faster Rail scheme connects Olympic venues with commuter hubs. Victoria sustains momentum via a USD 208 billion rolling capital program that averages USD 19.3 billion annually despite a tight labor supply. These commitments draw private co-investment,

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deepen subcontractor pipelines, and amplify materials demand across the Australian construction market. The medium-term effect is a reliable baseline of civil workloads that shields contractors from cyclical downturns.

Migration-led Housing Demand Rebound

Net overseas migration of 518,100 people in 2024 has widened the dwelling shortfall, lifting residential approvals after a brief interest-rate dip. The federal target of 1.2 million new homes by 2029 requires completions to jump from 176,000 to 240,000 annually, creating visibility for developers and volume homebuilders. Investor sentiment is improving as rental yields rise in major cities, supporting multi-family projects. Skills gaps persist, however, with the sector needing 90,000 extra workers, thereby inflating wages and stretching schedules. Short-term growth in the Australia construction market, therefore, rests on bridging labor shortages and fast-tracking approvals to match high-density demand hotspots.

Material-price Volatility & Supply-chain Bottlenecks

Building construction prices rose 31.1% between September 2020 and June 2024, while house construction costs climbed 40.8% in the same span. Steel, concrete, and gypsum continue to see double-digit quarterly rises, with suppliers warning bathroom fixtures could add another 7% in 2025. Contractors locked into fixed-price contracts face margin erosion, fuelling a 28% jump in insolvencies to 2,832 firms in FY 2024 AFR.COM. Although global freight rates have eased, domestic logistics and specialized component shortages still generate scheduling risk that subtracts momentum from the Australia construction market.

Other drivers and restraints analyzed in the detailed report include:

Decarbonization Mandates for Public Works
Rapid Uptake of Digital Engineering & BIM
Skilled-labor Shortages & Wage Inflation

For complete list of drivers and restraints, kindly check the Table Of Contents.

Segment Analysis

Infrastructure spending has reset the competitive mix, yet residential remains the largest contributor with a 37.75% Australia construction market share in 2025. Civil contractors are ramping up resources to deliver the USD 7.1 billion Brisbane 2032 venues and the USD 17.1 billion federal road-rail slate, driving order books beyond 2027. Renewable-energy assets such as Western Australia's USD 584 million Clean Energy Link North and the USD 2.8 billion Alkimos Desalination Plant illustrate the pivot toward climate-resilient infrastructure.

Infrastructure exhibits the fastest 6.18% CAGR through 2031 as governments front-load capital programs for productivity and decarbonization aims. The Australia construction market size for transport corridors alone is projected to reach USD 63.4 billion by 2031, propelled by corridor duplications and intermodal hubs. Residential activity benefits from the USD 1.5 billion Housing Support Program, yet approvals remain below the 240,000 annual threshold required to rebalance supply. Commercial construction is muted, but pockets such as data centers show 57% year-over-year growth driven by AI workloads, offering diversification to contractors.

New construction held a commanding 78.45% of % Australian construction market share in 2025, underscoring the scale of greenfield housing estates and mega-infrastructure builds. However, repair & maintenance logs a 4.34% fastest CAGR to 2031 as asset owners extend lifecycles under fiscal and carbon constraints. Regulatory tightening through the National Construction Code 2025 mandates retrofits for energy efficiency, compelling commercial portfolios to upgrade HVAC, facades, and onsite renewables.

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High-profile refurbishments, such as the Reserve Bank headquarters escalation from USD 260 million to USD 1.1 billion after asbestos discoveries, highlight the complexity premiums embedded in retrofit work. Asset management strategies increasingly prioritize predictive maintenance, leveraging IoT sensors to schedule interventions before failures. For contractors, the renovation wave offers counter-cyclical revenue, helping stabilize earnings when greenfield pipelines pause, thereby supporting balanced growth in the Australia construction market.

The Australia Construction Market Report is Segmented by Sector (Residential, Commercial, and Infrastructure), by Construction Type (New Construction and Renovation), by Construction Method (Conventional On-Site and More), by Investment Source (Public and Private), and by Geography (New South Wales, Victoria, and More). The Market Forecasts are Provided in Terms of Value (USD).

List of Companies Covered in this Report:

CPB Contractors Lendlease Corporation Ltd John Holland Group Laing O'Rourke Multiplex (Brookfield) CIMIC Group Ltd Hutchinson Builders Fulton Hogan Downer Group ADCO Constructions UGL Ltd Thiess Pty Ltd BGC Construction WSP Built Holdings ACCIONA Hansen Yuncken Mirvac Group Icon Construction Richard Crookes Constructions

Additional Benefits:

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

Table of Contents:

- 1 Introduction
 - 1.1 Study Assumptions & Market Definition
 - 1.2 Scope of the Study
- 2 Research Methodology
- 3 Executive Summary
- 4 Market Insights and Dynamics
 - 4.1 Market Overview
 - 4.2 Market Drivers
 - 4.2.1 Infrastructure-funded fiscal stimulus pipeline
 - 4.2.2 Migration-led housing demand rebound
 - 4.2.3 Decarbonisation mandates for public works
 - 4.2.4 Rapid uptake of digital engineering & BIM
 - 4.2.5 Expansion of renewable-energy megaprojects
 - 4.2.6 Government first-nations procurement quotas
 - 4.3 Market Restraints
 - 4.3.1 Material-price volatility & supply chain bottlenecks
 - 4.3.2 Skilled-labour shortages & wage inflation
 - 4.3.3 Tightening credit & high mortgage rates
 - 4.3.4 Rising insurance premiums on combustible cladding
 - 4.4 Value / Supply-Chain Analysis
 - 4.4.1 Overview

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- 4.4.2 Real Estate Developers and Contractors - Key Quantitative and Qualitative Insights
- 4.4.3 Architectural and Engineering Companies - Key Quantitative and Qualitative Insights
- 4.4.4 Building Material and Equipment Companies - Key Quantitative and Qualitative Insights
- 4.5 Government Initiatives & Vision
- 4.6 Regulatory Landscape
- 4.7 Technological Outlook
- 4.8 Industry Attractiveness - Porter's Five Force Analysis
 - 4.8.1 Bargaining Power of Suppliers
 - 4.8.2 Bargaining Power of Consumers
 - 4.8.3 Threat of New Entrants
 - 4.8.4 Threat of Substitutes
 - 4.8.5 Intensity of Competitive Rivalry
- 4.9 Pricing (Construction Materials) and Construction Cost (Materials, Labour, Equipment) Analysis
- 4.10 Comparison of Key Industry Metrics of Australia with Other Countries
- 4.11 Key Upcoming/Ongoing Projects (with a focus on Mega Projects)

5 Market Size & Growth Forecasts (Value, In USD billion)

- 5.1 By Sector
 - 5.1.1 Residential
 - 5.1.1.1 Apartments/Condominiums
 - 5.1.1.2 Villas/Landed Houses
 - 5.1.2 Commercial
 - 5.1.2.1 Office
 - 5.1.2.2 Retail
 - 5.1.2.3 Industrial and Logistics
 - 5.1.2.4 Others
 - 5.1.3 Infrastructure
 - 5.1.3.1 Transportation Infrastructure (Roadways, Railways, Airways, others)
 - 5.1.3.2 Energy & Utilities
 - 5.1.3.3 Others
- 5.2 By Construction Type
 - 5.2.1 New Construction
 - 5.2.2 Renovation
- 5.3 By Construction Method
 - 5.3.1 Conventional On-Site
 - 5.3.2 Modern Methods of Construction (Prefabricated, Modular, etc)
- 5.4 By Investment Source
 - 5.4.1 Public
 - 5.4.2 Private
- 5.5 By Geography
 - 5.5.1 New South Wales
 - 5.5.2 Victoria
 - 5.5.3 Queensland
 - 5.5.4 Western Australia
 - 5.5.5 Rest of Australia

6 Competitive Landscape

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- 6.1 Market Concentration
- 6.2 Strategic Moves
- 6.3 Market Share Analysis
- 6.4 Company Profiles (includes Global level Overview, Market level Overview, Core Segments, Financials as available, Strategic Information, Products & Services, and Recent Developments)
 - 6.4.1 CPB Contractors
 - 6.4.2 Lendlease Corporation Ltd
 - 6.4.3 John Holland Group
 - 6.4.4 Laing O'Rourke
 - 6.4.5 Multiplex (Brookfield)
 - 6.4.6 CIMIC Group Ltd
 - 6.4.7 Hutchinson Builders
 - 6.4.8 Fulton Hogan
 - 6.4.9 Downer Group
 - 6.4.10 ADCO Constructions
 - 6.4.11 UGL Ltd
 - 6.4.12 Thiess Pty Ltd
 - 6.4.13 BGC Construction
 - 6.4.14 WSP
 - 6.4.15 Built Holdings
 - 6.4.16 ACCIONA
 - 6.4.17 Hansen Yuncken
 - 6.4.18 Mirvac Group
 - 6.4.19 Icon Construction
 - 6.4.20 Richard Crookes Constructions
- 7 Market Opportunities & Future Outlook
 - 7.1 White-space & Unmet-need Assessment
- 8 Appendix
 - 8.1 Macroeconomic Indicators (GDP, Construction Share, etc.)

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