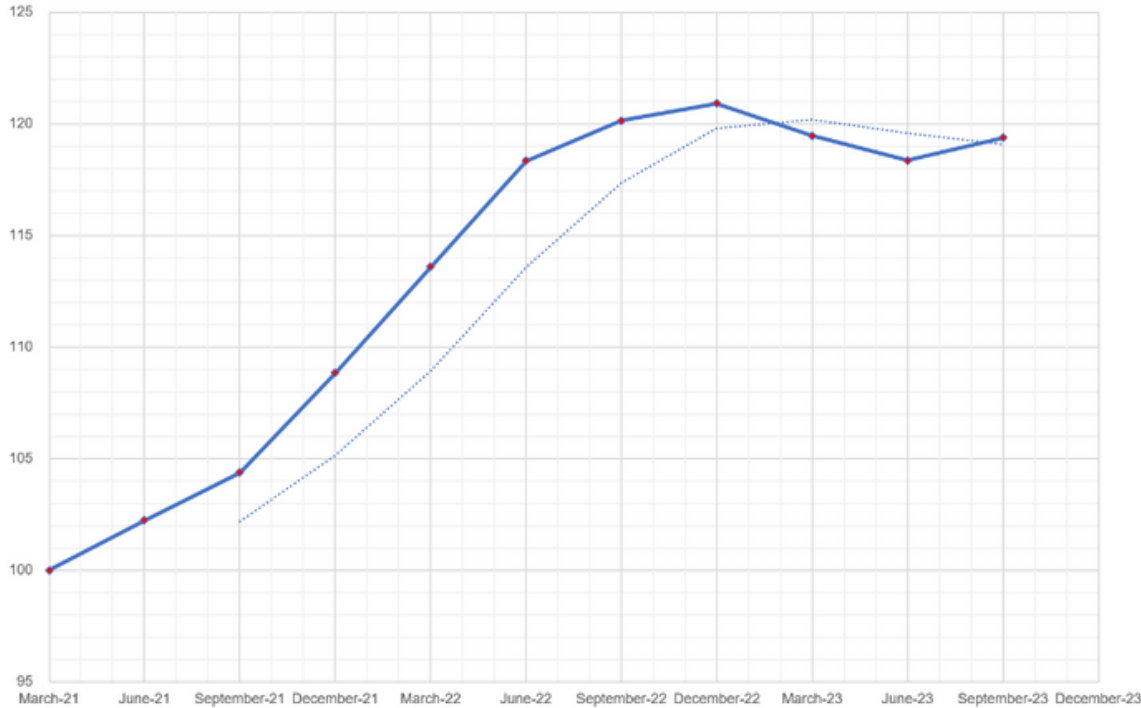


SEPTEMBER 2023

CONSTRUCTION MATERIALS SHOPPING BASKET GUIDE

Civil Construction Materials (urban road) - Shopping Basket Index



Methodology

The Civil Project Partners Construction Materials Shopping Basket Guide is calculated by analysing the price of the industry's most common materials weighted by proportion for a typical road project.

The base point for the Guide is set at 100 in March 2021, with values above and below the 100 base level showing percentage growth or fall in pricing.

The index is updated quarterly in partnership with leading material supply organisations.

The materials included are:

- Concrete
- Steel reinforcement
- Asphalt
- Quarry Material
- Fuel

1-2% INCREASE
IN CONCRETE COSTS

3-4% INCREASE
IN STEEL COSTS

STABLE
IN ASPHALT COSTS

1-2% DECREASE
IN QUARRY
MATERIAL COSTS

20% INCREASE
IN FUEL COSTS

The first quarter of the 2023/24 financial year has witnessed a slight upward shift in prices for Civil Construction Materials (Urban Road). Most materials have remained relatively stable, with the most significant impact stemming from the surge in fuel prices.

Concrete price fluctuations are closely linked to demand levels and fuel prices. While the market has maintained its stability, suppliers did signal a price increase from July 2023, to counteract fuel price increases, which is evident in the 1-2% rise in concrete prices over the quarter. We anticipate that prices will continue to trend upwards, given the increase in fuel prices throughout the quarter and the persistent scarcity of labor with the required skill sets.

Steel costs have experienced a minor increase but, on the whole, have remained steady. Future pricing is likely to follow this trajectory, as industry suppliers still hold excess supply and GDP has declined in countries such as China and the US, indicating reduced construction activity. Much of the future outlook hinges on whether these global leaders opt to boost construction activity to stimulate their economies.

Fuel costs have exerted the most significant influence on the overall price trajectory, surging by 20% in the past quarter and this trend is expected to continue. With supply levels remaining high, some production suppliers have scaled back to stabilise the market amidst fears of a potential recession. Additionally, ongoing political instability in key supply regions will keep prices elevated for the foreseeable future.

If you are grappling with the pressures of rising costs, scheduling challenges, and the complexities of planning and estimating, do not hesitate to reach out to us for professional and expert advice to support your next tender or major project delivery.

Civil Project Partners provide the construction and infrastructure industry with technical expertise and know-how to minimise risk, accurately plan and forecast major works. To assess the impacts of critical material costs, we have developed a shopping basket that tracks four of the most common resources utilised in major projects across Australia.