

RLB | Rider Levett Bucknall

INTERNATIONAL
REPORT |

CONSTRUCTION
MARKET
INTELLIGENCE

FIRST QUARTER 2012



INDEPENDENT CONSULTANTS LOCAL KNOWLEDGE AND EXPERTISE GLOBAL NETWORK

RIDER LEVETT BUCKNALL

Rider Levett Bucknall are independent property market and construction cost consultants with offices located globally.

THE INTERNATIONAL REPORT

The Rider Levett Bucknall International Report is published twice-yearly and provides detailed local construction market intelligence and data.

THE INTERNATIONAL REPORT UPDATE SURVEY

The Rider Levett Bucknall International Report is supplemented by the twice-yearly International Report Update Survey.

Rider Levett Bucknall provides trusted advice on the construction markets in this report and remains committed to the communities in which we practice. It is through our engagement with our own people and our clients and with other parties to the construction contract at home and abroad that we succeed. We are dedicated to upholding our strong track record of performance. We want to be part of the solution for our clients and pave the way for our people to put their skills to work.

Rider Levett Bucknall prides itself on exceptional service delivery to its clients, offering a combination of pre-eminent cost experts, a history of proven success and a global alliance with a broad knowledge bank of experience. Our projects regularly demand a team of distinguished professionals from around the world, fostering a collaborative approach.

Rider Levett Bucknall is also committed to its research activities. Our series of cost reports contains a wide range of research advice to assist our industry colleagues and clients. Our research includes information, reviews of labour costs and activity trends to enable informed forecasting of future construction costs.

Like the firms we work with, Rider Levett Bucknall is focused and responsive to the marketplace. In 2012 we will further enhance our capabilities and look forward to working with you to deliver significant projects.

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Cover: London skyline across the Thames

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The **International Report**, covers the globe, providing a half-yearly snapshot of construction market conditions and price movements around the world, via commentaries and analysis from Rider Levett Bucknall Directors in key locations

A broad overview of **regional economic issues** is provided on Page 1, followed on pages 3-23 by commentaries from Rider Levett Bucknall Directors in multiple locations in each region. Commentary on each region is supplemented by a **Construction Cost Relativity table** for that region.

Pages 24 and 25 feature **Construction Rates** for building types in cities within each region, providing easy comparison between locations.

Pages 26 and 27 consider the wider issue of general **market activity levels** for seven building types, in each location, using the Rider Levett Bucknall Construction Activity Cycle Model to provide an insight into market movements. Regional analysis of this data is shown on page 27, with a total of responses within each cycle-sector, giving an overview of activity levels in each Region.

On pages 28 and 29 we feature **Key Statistics** – the data that describes countries' general economic performance, as a backdrop against which the construction industry functions on the ground.

Overall **International Construction Cost Relativity** is shown on page 30, with each location placed in its ranking spot in respect of all the other locations in the study.

The **International Report** is a member of a suite of Reports produced by Rider Levett Bucknall. Currently, in addition to the International Report, the suite comprises the Caribbean, European, Gulf States, Hong Kong and China, Oceania, Singapore, USA and Vietnam Reports

Each document has its own unique flavour, driven as they are, by the conditions and circumstances of the particular economy in question.

All are available at www.rlb.com. Textual commentary is also featured in the Rider Levett Bucknall Intelligence Smartphone App and via Desktop WebApp, at www.rlbintelligence.com

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THE INTERNATIONAL REPORT

AMERICAS

With the US economy struggling to sustain momentum in its recovery, most sectors continue to languish. Construction is no exception, as demand remains subdued amidst on-going uncertainty at home and abroad, coupled with high unemployment.

House prices remain depressed, with construction of new apartments and condominium projects also at significantly reduced levels, although foreclosures are on the decline in many states.

Commercial construction activity is also very weak, with both increased office vacancy rates and downward pressure on rental rates attributable to the ongoing job market malaise.

Some improvement in economic fortunes is anticipated over 2012, however a far longer timeframe is expected for full recovery to take place.

ASIA

Since late 2010, the Chinese Central Government has imposed a series of measures to cool down the private sector property market and to tame inflation. As a result, inflation has subsided and property prices have fallen, with further price cuts occurring as declining sales and increasing inventory impact upon developers. In some markets, discounting on new projects by as much as 30% is being used to court buyers.

The roll-out of the Central Government's 10 million affordable homes project continues, as it seeks to alleviate housing affordability problems for the lower-middle-classes.

Tightened monetary conditions will begin to ease over the first half of the year, as the Government seeks to avoid a 'hard landing' for the economy.

In Singapore, revised growth of 5% for 2011 may give way to more moderate growth in 2012.

Residential property prices have exhibited slowing increases, due to ongoing global economic uncertainty and seasonal effects.

Healthy demand continues for commercial properties, while Industrial property prices continue to rise steadily.

EMEA

The economic crises engulfing the EU are having a major impact around the Region. Across Europe, Governments are attempting to balance fiscal austerity measures against the need to stimulate a modicum of growth.

The UK is no exception, as the Government struggles to reign-in mounting debt. Construction continues to be constrained by developers' lack of access to finance, as lending institutions remain highly risk averse amid the economic turmoil.

After some signs of recovery in London's residential and commercial sectors in the first half of 2011, activity slowed, although West-End development and the buy-to-let market remain buoyant.

In Saudi Arabia, the Government's vast SAR500billion investment in infrastructure and affordable housing continues to spur growth, while the ease of access to credit from the Kingdom's well-capitalised banks is driving private sector fixed-asset investment.

OCEANIA

Australia's economy continues to be hampered by the uncertainty abroad. While resource exports continue to expand, demand for commodities in China may be beginning to soften as measures to curb inflation take hold.

The Government's stimulus infrastructure spending, has largely been completed, but private sector construction activity has yet to recover sufficiently to replace it.

Residential construction activity continues to decline in most states, as housing prices slide and demand softens. There are however, some positive signs in the office markets of Brisbane and Perth in particular, and in industrial construction.

On-going financiers' risk aversion continues to inhibit developers, a trend that is unlikely to change soon, given the current economic climate.

In New Zealand, the downgrading of the country's credit rating and rising national debt of 70% GDP has exacerbated economic woes. The residential construction market is depressed, as work done and consents continue to slide. Non-residential construction is showing more resilience, with more modest falls.

The effects of the Canterbury Earthquake and aftershocks have not yet reached the construction market, as insurance and regulatory issues are still being resolved. Reconstruction is expected to commence in earnest this year.



MARKET INTELLIGENCE

ASIA

BEIJING

The residential property market in Beijing has already cooled significantly since the implementation of the purchasing control policy, and the average price of second-hand properties has dropped to the lowest in the last 16 months.

The selling prices for some new units at Tongzhou and Daxing areas have been discounted. Some market analysts say that they expect more price cuts as declining sales and increasing inventory put more strain on property developers.

The effect of property market control policies should last until at least the middle of 2012 before momentum picks up again. However, the government's affordable housing projects will help support construction activities, and moderating inflation may also allow the government to cut interest rates from early in the year.

Overall, the construction market in Beijing remains stable, due to ongoing government infrastructure works and the recent new development of mixed-use projects in CBD areas. A very mild upward trend is expected in 2012.

HONG KONG

Hong Kong's economy grew by 4.3% year-on-year in real terms in the third quarter of 2011, compared with the 5.3% increase in the second quarter. According to the Composite Consumer Price Index, overall consumer prices rose by 5.8% in October over the same month a year earlier, as was the case in September. The seasonally adjusted unemployment rate was 3.3% in August to October 2011, which is slightly higher than that recorded in the July to September 2011 quarter.

According to Rider Levett Bucknall's Tender Price Index, which measures tender price movements in building works in the private sector in Hong Kong, there was an increase of 3% in tender prices in the third quarter of 2011, quarter-on-quarter equating to a 10% increase year-on-year.

The continuing Eurozone sovereign debt crisis, together with on-going weak economic performances in the United States and the slowdown of the Chinese economy, will affect sentiment among developers and contractors in Hong Kong in the short term. Due to weak demand globally, materials prices are not expected to increase any further. Nevertheless, as Hong Kong has entered a period of heavy infrastructure construction activity, the shortage of skilled workers is expected to worsen over the next few quarters. As a result, construction costs are unlikely to be subject to any downward adjustment pressure. It is anticipated that tender prices in 2012 will continue to rise at a rate similar to, or slightly less than that in 2011.

ASIA CONSTRUCTION COST RELATIVITIES	JAN 12
HONG KONG	124
MACAU	102
SINGAPORE	98
BEIJING	88
SHANGHAI	86
SHENZHEN	77
GUANGZHOU	76

MARKET INTELLIGENCE ASIA

GUANGZHOU

Guangzhou's GDP grew by 11% year-on-year in the third quarter of 2011, following 11.2% and 11% in the first and second quarters respectively. Real estate investment in the third quarter recorded strong growth of 39.8% year-on-year, up from 10.4% in the second quarter.

Since late 2010, the government has imposed a series of restrictive measures, including higher down-payments on house purchases, limiting numbers of house purchases, increase in banks' reserve requirement ratio and increase in interest rates, in a bid to curb runaway inflation and house prices.

Consequently, new home prices in China's major cities saw a month-on-month drop (0.2% in Guangzhou). China's Consumer Price Index eased to 4.2% in November 2011 from the peak of 6.5% in July 2011.

Due to difficulty in obtaining finance, and in order to court buyers, developers have been reducing prices on new projects by as much as 30%. Dozens of plots of land recently ear-marked for auction were eventually withdrawn due to muted response from the market.

Looking ahead, construction activities will continue to slow in the private sector in the first couple of months of 2012. This will result in more reliance being placed upon public sector works, in particular the government's mega-project of construction of 10 million affordable houses across the country. Given forecast relative stability of materials prices, tender prices will remain flat or see only a slight increase in the first half of 2012.

MACAU

According to the Statistics and Census Service of the Macau government, Gross Domestic Product for the third quarter of 2011 rose by 21.1% year-on-year in real terms, compared with the 24.0% growth in the second quarter. The unemployment rate for August to October 2011 was 2.4%, down by 0.2 percentage points over the previous period.

The average daily wage of construction workers was MOP569 in the third quarter of 2011, an increase of 4.0% on a quarter-to-quarter basis. The average daily wages of skilled and semi-skilled workers increased by 3.4% to MOP581 and that of unskilled workers increased by 2.0% to MOP363.

The Composite Consumer Price Index for October 2011 increased by 6.71% year-on-year.

Construction activity remained steady throughout 2011 and is expected to continue in the new year. As there is a shortage of skilled construction workers in Macau and there are restrictions on importing labour, construction costs are expected to continue to rise in 2012.

MARKET INTELLIGENCE ASIA

SHANGHAI

Between January and October 2011, investment in the property market in Shanghai increased steadily, totalling RMB 174.7 billion, which was an increase of 9.9% compared to the same period in 2010.

Within the real estate sector, residential property was still the main attractor of investment. Elsewhere within the sector, investment in office buildings arrested its decline, while the growth rate for investment in other commercial buildings continued to slow.

From January to October 2011, a total of RMB 110.15 billion was invested in local residential properties, which was a 9.3% increase compared to the same period in 2010. A total of RMB 18.82 billion was invested in office buildings, a 7.2% increase compared to the same period in 2010.

Between January and October 2011, the total area under construction in Shanghai reached 121,937,000m², an increase of 16.1% compared to the same period in 2010. There was a total of 77,813,700m² floor area for residential projects, an increase of 15.2%.

Between January and October 2011, 14,175,400m² of floor area was sold, a decrease of 14.1% year-on-year. Within this, 11,448,300m² was residential, which represented a drop of 15.3%.

Overall, while the property market is undergoing consolidation, although construction activities have been maintained at a relatively high level. As inflation is expected to be under control and the government is set to relax some of its monetary constraint measures, it is forecast that construction costs will rise moderately in 2012.

SHENZHEN

Overall, economic conditions in Shenzhen are promising. Most of the projects under development are going ahead, despite the sluggishness in the residential market.

Shenzhen, as the first Special Economic Zone in mainland China, is transforming steadily from an industrial city into a business hub. There are quite a few major mixed-use developments in their early development stages and more in the pipeline. Some of this projected workload is in the newly developed area such as Futian district or Nanshan district. Others are in the older districts, which involves relocation of existing residents and/or landlords of old premises.

In the longer term, the development of the Qinhai area as a new financial district is also moving ahead, with land reclamation currently in progress.

The Guangzhou-Shenzhen high speed rail link was originally scheduled to be completed in August 2011. However, due to the tragic high speed rail accident in Wenzhou in July 2011, more tests and reviews have been undertaken to ensure the safety of the operation of the system, hence its completion has been delayed.

Overall, with stable market prices, only a mild upward movement in construction cost is expected in 2012.



MARKET
INTELLIGENCE

ASIA

SINGAPORE

Singapore avoided technical recession in 3Q2011, with overall GDP registering 1.9% quarterly growth, after a 6.4% contraction in 2Q2011, using Seasonally Adjusted Annualised Rates. The improved economic performance was attributed to increased output from the biomedical manufacturing sector. However, being an open economy, Singapore is exposed to the effects of global economic and market uncertainties. The Ministry of Trade and Industry has revised its growth forecast, projecting Singapore's GDP to have risen by 5% in 2011 and looking forward to 1% to 3% growth for this year.

Private residential property prices in Singapore have exhibited slowing increases for the past seven quarters, with prices rising by 1.3% in 3Q2011 compared with a 2% increase in 2Q2011. Partly due to the cautious market sentiment and seasonal effects, private home sales volume has decreased by 2.7%, from 4,802 new units in 2Q2011 to 4,673 units in 3Q2011. Healthy demand for commercial properties continued, as prices of private office and shop properties rose by 3.7% and 3.4% respectively in 3Q2011, whilst industrial property prices posted higher gains with a 6.9% increase for the same period. In view of large liquidity inflows amid a low interest rate environment and to curb excessive investment demand, the government launched the fifth round of property-cooling measures on 8 December 2011 by imposing an Additional Buyer's Stamp Duty (ABSD) on certain categories of residential property purchases. Foreigners and corporate entities have to pay an additional 10% stamp duty.

The construction sector registered 11.8% quarterly contraction in 3Q2011, after expanding by 13.3% in 2Q2011. This was mainly due to the decline in private sector building activities. On a positive note, total construction demand reached S\$24b for the last 9 months of 2011, 20% higher than the same period last year. The public sector has contributed 53% of total demand. Main development segments that have awarded more contracts this year include private industrial, public residential, institutional and civil engineering projects. Total construction demand for 2011 is expected to have been between S\$24b and S\$30b.

Construction materials and commodity supply prices have generally corrected in the last 3 months after an initial run-up, due to the weak global sentiment and falls in raw material prices. However, labour costs have increased for the past 6 months due to regulatory changes, such as the increase of the Foreign Worker Levy, reduction of Man-Year entitlement and weekend work restrictions on-site etc.

Despite the increase in construction costs, the tendering market generally remains fairly competitive, with an apparent stronger interest from contractors for public sector projects. This competitive business environment is likely to hold for the next two quarters. There was a mild rise of building tender prices for 3Q2011, with the BCA All Buildings Index registering a 0.4% quarterly increase. Rider Levett Bucknall's Tender Price Index posted a 0.2% marginal rise for the same quarter. Subject to confirmation, annual building tender price escalation for year 2011 is anticipated to have been 3%, with 2% to 3% upcoming in 2012.

City skyline, Boston



MARKET INTELLIGENCE USA

BOSTON

The Boston construction market continues to struggle to extricate itself from the grip of recession, but the light at the end of the tunnel might be getting a little brighter.

In the residential market, whilst large-scale condominium developments have essentially stopped, the buoyant rental market has allowed a small number of previously shelved apartment projects to see the light of day and a handful to break ground. Single-family home construction has remained mired in the aftermath of the mortgage crisis and shows little sign of improvement.

The commercial sector has begun showing signs of life. The Bio-Tech industry is providing a catalyst for new development, with the new headquarters for Vertex Pharmaceuticals Inc., at Fan Pier, being among the most visible. Speculative office construction remains some distance away, as vacancy rates in the Boston market overall hover around 16%, with the Financial District closer to 20%.

Universities and Colleges are pushing ahead with master planning, signalling the potential for upcoming development; however few local institutions have been able to maintain a robust building programme.

Design firms and Contractors, in spite of going through a period of "right-sizing", continue to struggle for a share of the few projects currently in play, resulting in increased competition and an aggressive bidding climate.

The approval of legislation authorising up to 3 resort-style casinos and a slot machine parlor in Massachusetts has offered up some hope. Whilst there are still hurdles to overcome, the gaming industry could provide the industry with a much-needed boost.

HONOLULU

Economic conditions in Honolulu have continued to be stable, with a slow rate of recovery. The most encouraging sign that a recovery is slowly coming to Hawaii is the advent of increased tourism. General Excise Tax revenues have also risen from 2009 levels.

Through 2012, the gradual recovery is expected to continue, with modest increases in both employment and tourist numbers. Improvements in tourism stimulates hotel renovations and the construction industry in general.

Continuation of foreign investment in Hawaii real estate is keeping housing prices/figures stable. However, there are not too many residential developments under construction at this time.

Many hotels' owners are investing in upgrades to their properties. A large portion of the demand for this work was driven by the November 2011 APEC Conference in Honolulu, creating a number of short-term renovation projects. Further, with tourism numbers up, others are continuing with plans for renovations which had been shelved for the last few years due to the economic downturn.

The State has been pushing hard to kick-off the Rail Transit Project in Honolulu, as the start of the project will provide increased opportunities for the construction sector and create employment opportunities for many contractors on the bench.

The bidding climate in Honolulu remains very competitive. Numerous materials prices have increased, mainly due to the increases in oil price. Materials such as gypboard, reinforcement bar, structural steel, ready-mix concrete, cement, sand, concrete blocks, base course and asphalt have all seen increases in the last six months.

USA CONSTRUCTION COST RELATIVITIES	JAN 12
NEW YORK	155
HONOLULU	137
SAN FRANCISCO	137
BOSTON	134
LOS ANGELES	125
WASHINGTON D.C.	123
SEATTLE	105
PORTLAND	98
LAS VEGAS	94
PHOENIX	92
DENVER	92

MARKET INTELLIGENCE USA

LOS ANGELES

The economic volatility in Greater Los Angeles continues to hamper progress towards real recovery and is impacting the job market, as companies explore ways to be more efficient.

Construction activity continues to contract as the housing market seeks to find bottom. Total square footage of construction projects under construction is at its lowest since 2004.

Housing prices are also still at a low. Construction of new apartments and condominiums is almost non-existent, although Downtown is experiencing a steady influx of new residents, taking up existing inventory.

The office market continues to post low levels of activity and increased vacancy rates. Rents remain well below pre-recession levels. It is expected that it will take years to recover, as the demand for space is tied to a still weak job market. The industrial and retail markets should continue to see modest activity levels.

The Broad Art Museum next to the Walt Disney Concert Hall is currently under construction, and planning of the Wilshire Grand Hotel mixed-use development is moving ahead, with demolition of the existing complex slated for early 2012. Planning is progressing for other notable projects moving ahead, namely the Farm Fields Football Stadium and Convention Centre, and the major expansion of the historic Barlow Respiratory Hospital, close to the Dodgers Stadium.

It is expected that the investment market should continue to improve, as a result of investment pricing being an attractive alternative to other global markets. The greatest hurdle posed to the office market, for future net absorption, is space returning to the market.

PHOENIX

Arizona's economic recovery moved at a very slow pace in 2011. Despite an increase in job creation, a modest rise in population and even a slight increase in single-family home permits, recovery in 2011 was far less robust than economic rebounds of the past.

Trends in real estate housing markets in Arizona indicate that the housing market may be starting to improve slightly. Foreclosures are on the decline and Arizona has dropped from 4th to 24th in the Nation in distressed loans. Multi-family housing construction is often the indicator of the start of construction recovery, and approximately 10,000 units are currently on the drawing board for 2012.

The commercial real estate market in the office, industrial and retail sectors remains flat. Office absorption rates may be higher in 2012 and 2013 as inventory declines and any such increase would help kick-start future speculative multi-tenant office building construction.

In 2011, the industrial market vacancy rate in Metro Phoenix was one of the highest in the nation and a full recovery in the industrial market is some time away.

As for retail, since the market follows the housing sector, a significant recovery will not take place until the housing market stabilises.

In terms of job creation, Arizona has recently started to experience more resolute job growth, however mortgage availability remains a problem. The issue of whether income growth can keep up with rental rate growth, may be a factor that could constrain construction starts during the slow but continued economic recovery.

MARKET INTELLIGENCE EMEA

BIRMINGHAM

The Birmingham construction market remains relatively flat and is not expected to experience any major upturn until 2013/14. Falling incomes, Government austerity measures and underlying inflation are constraining any expansion of economic growth.

However, opportunities are presenting themselves, in the wake of initiatives aimed at stimulating the area. With the advent of Birmingham city centre's Enterprise Zone status, there is the expectation of inward investment of some £500m. It is clear that overseas investors are very interested in Birmingham, and the City Council's marketing efforts are reaping rewards.

There have also been enormous changes in other aspects of Private & Public Sector cooperation, especially since the demise of the Regional Development Agencies, with the result that there are now more Public Private Partnership opportunities available.

In the office market, there is little new-build activity, and the existing stock is therefore running down, as at present there looks to be very little new Grade A stock coming into play this year and next. This running down has also its other facet of giving rise to forecast good rental growth over the next few years.

Current Public Sector Initiatives include the New Street Station development, which will produce an iconic building, and the completion of Birmingham Library next year, which will free-up Paradise Circus for re-development. Looking longer-term, other major infrastructure projects such as the Airport runway expansion, the HS2 rail link and the proposed Western Orbital, will be looked-to as the backbone of public construction spending in the Region.

BRISTOL

Growth in the Bristol construction market continues to be hampered by a lack of available development funding and a serious lack of confidence in the economy, as the effects of the Government's austerity measures take hold. Significant delays in letting of Government-funded projects and initiatives have further slowed the market.

Activity in the Bristol market is still slow, with opportunities being identified but developers struggling to secure pre-lets and purchases or to demonstrate adequate margins to secure funding.

Government funding has continued on projects that are deemed essential/vital. However, this has resulted in a number of other projects being postponed in the medium-term.

General house building is currently at a 10-year low, due to a lack of mortgage availability and poor levels of confidence in the market. The buy-to-let market is showing no signs of recovery in the short to medium term, and accordingly, private residential developers in the South West are concentrating on saleable housing.

Social housing has slowed over recent months, whilst the housing associations have sought Government HCA Funding. This funding has now been secured and we anticipate an increase in activity in this market over the coming months.

In order to underpin the construction industry, additional public sector funding has been released by the Government, for infrastructure, housing and school projects, but this will not impact construction activity until the latter half of 2012.

RLB forecasts that tender price rises in the Bristol area will remain in check for the next 2 years, rising by 1% in 2012 and 1-1.5% in 2013.

EMEA CONSTRUCTION COST RELATIVITIES	JAN 12
LONDON	142
BRISTOL	117
BIRMINGHAM	112
MANCHESTER	112
DOHA	99
ABU DHABI	99
DUBAI	96
RIYADH	91
MUSCAT	85



MARKET INTELLIGENCE EMEA

LONDON

In the Chancellor's autumn statement, the UK's growth forecast for 2012 was downgraded to 0.7%, reflecting a deteriorating financial outlook for the economy. The recovery seen in London during the first two quarters of 2011, led by the commercial and residential sectors, has now started to show signs of tailing-off as the Eurozone financial crisis lingers on.

As in the South West, growth continues to be constrained by a lack of available development funding and the loss of confidence in the economy generally.

Construction activity in London is beginning to slow, and developers are once again shelving projects to await better days. Where there is prospect of movement, developers are seeking to secure pre-lets on major commercial schemes before they proceed and residential developers are looking to create joint ventures on larger residential projects, to mitigate risk.

Despite the 10-year low in house-building, in London we are starting to see recovery in the buy-to-let residential market, fuelled by increased rental demand and a shortage of property to rent. Prime London West End residential development continues to thrive and is propping up the market, led by a wave of foreign investment.

As in other locations across the country, the Government's introduction of additional public sector infrastructure, housing and schools funding is welcomed, but the first of the effects will not be felt in the marketplace until later in the year.

Forecast tender price movements for London mirror the aforementioned uncertainty and workload concerns, being a subdued 1% to 1.5% for 2012 and 2.5% to 2.8% for 2013.

MANCHESTER/ NORTH WEST

The general outlook in Manchester appears to be for a continuation of current market conditions for at least the next 12 months.

The sharp downward revision of growth forecasts unveiled in the Chancellor's Autumn 2011 Statement suggests a year-long hiatus before a return to any significant growth in 2013.

As a consequence, construction activity forecasts remain subdued, with the Experian Construction Activity Regional Activity index standing at 38 (a figure less than 50 represents a decline). The RICS Construction Market Survey for Q3 2011 showed workload flat, with sentiment having moved into negative territory.

The Office for National Statistics (ONS) reported that construction output fell by 0.2% in Q3 2011, down 1% compared with a year earlier.

Analysed by sector against a year earlier, the data reflects mixed fortunes, with infrastructure showing a 13.4% increase and marginal growth of 0.7% in private housing. In contrast, private commercial output reduced by 1.9%, while the heaviest impact was felt in the industrial sector, where output collapsed 26.5% compared with a year earlier.

There are still some major projects coming forward in the North West, including the £450m Mersey Gateway, a £30m Port Salford development, the planned £50m regeneration of Northwich town centre and the ongoing £100m redevelopment of Manchester Town Hall and Library.

Tender prices remained flat during 2011 and although they are forecast to recover a little in 2012, this is more to do with pressure on costs than any increase in workload.

MARKET INTELLIGENCE EMEA

SHEFFIELD

Economic conditions in Sheffield, Leeds, Yorkshire and Humberside have remained flat and largely unaltered over the past year. Continuing low levels of market confidence, poor access to credit and the impact of public sector reviews and cuts have weighed heavily on an already depressed market.

Within Sheffield City Centre, the major redevelopment of The Moor and Sevenstone Retail Quarter remains on hold by the developers. A number of options for this area are being considered, with these having potentially wide-reaching impacts for the city centre and the perception from outside of the relative attractiveness for investment and relocation.

Prior to the downturn and associated austerity measures, Sheffield was viewed as exhibiting good potential and likely to provide excellent opportunities for development, investment and growth. Sheffield city centre is primed for redevelopment and remains well placed to benefit from improved access to credit and increased consumer confidence as economic conditions improve.

We are currently looking at a number of schemes for potential windfarm sites and a community energy company has been established in order to offer its services to a potentially significant market place.

A number of large schemes, for both public and private education sector clients, are being looked at in their very early stages.

Generally the forecast for the region is flat, with imperceptible growth. The high level of competition across all sectors is still evident and is set to continue for the foreseeable future.

SAUDI ARABIA

Momentum in Saudi Arabia construction continues to surge, as SR95.1 billion worth of contracts were awarded in Q3 2011. This value is more than the total value of contracts awarded in the first half of the year.

In the third quarter, various mega-projects were signed, across several sectors, signifying strong growth in the health and construction sector.

The Construction Contract Index (CCI) for Q3 2011 indicated an uplift of 83 per cent year-on-year, reaching the highest level since the index was established. Anticipating SEC will award SR10 billion in contracts, forecast figures for the final quarter of 2011 (actual figures not available at the time of writing), projected continued strong growth as the power industry is expected to play a vital role in construction.

Saudi Arabia's growing need for sustainable energy, has led to The Kingdom's first tender for a nuclear plant by the end of 2012. In addition, the country has plans to build 16 nuclear reactors by 2030, helping to meet the domestic demand for electricity.

Despite a buoyant construction backdrop, the provision of affordable housing is limited, and a large discrepancy exists between supply and demand. There is an over-supply of luxury and upscale residential units, although a shortfall of affordable housing is evident.

In the Gulf Cooperation Council (GCC), the top line cement sector witnessed a 10.9 per cent increase in the first nine months of 2011. As the largest cement producer in the GCC, Saudi Arabia experienced a rise in cement prices of 5.4 per cent, to reach \$65.6 per tonne.

MARKET INTELLIGENCE OCEANIA

ADELAIDE

The Adelaide construction market has entered a dual-speed phase, as small to medium-sized builders eagerly pursue workload, while top tier contractors are more selective about the work for which they bid.

The impact of major projects, including the new Convention Centre, Adelaide Oval Redevelopment, Southern Expressway and Royal Adelaide Hospital has come sooner than expected. For these larger projects, spreads in tender pricing of up to 50% are evident in some cases, as the divide widens between those contractors keen for work and those content with current levels.

The September quarter volume of residential building Work Done fell 13.7%, as new houses dropped 13.0% and apartments sank 23.1%, compared to the June quarter. Approvals figures for the same period did not deviate from this trend, falling 15.1%.

The non-residential sector was equally as disappointing, as the volume of private Work Done fell 7.8% for the September quarter, while the volume of public Work Done plummeted 30.2%.

As the spend on the major projects increases over the coming period, Work Done figures should increase, but the availability of that workload is focused upon a relatively small pool of large contractors and sub-contractors – hence the two-speed feature mentioned above.

Looking forward, mechanical services trades contractors on large projects have order books going out up to 5 years and have no urgency to add to their project portfolios. The other services and the structural trades are starting to follow suit. Time will tell as to when the large project workload starts to impact on medium to smaller projects' pricing.

AUCKLAND

With the New Zealand economy remaining in a very slow phase of recovery, inflationary pressures remain subdued, with the exception of some imported commodities. Against this subdued, though not completely depressed backdrop, it is not anticipated that the Reserve Bank will raise interest rates this year.

The Auckland residential market has shown signs of recovery, as residential Building Consents in the month of October rose by 46% over the same month last year. However, in general terms, they remain at very weak levels.

Nationally, non-residential Building Consents fell by 1.6% to the year ending October 2011, with low levels of activity set to continue.

The Canterbury region reconstruction, following the 2011 Earthquake and related aftershocks, has not impacted and is not likely to affect the Auckland region in the short term.

Whilst there has been some improvement in the industrial, education and retail sectors, most other sectors remain subdued. Some suppliers are forecasting a downturn in orders of between 20 and 30% for the 2012 year. Most of the construction activity is expected to be derived from "Leaky Building" remediation projects, custodial projects and the new National Convention Centre, if that commences.

The tender market remains fiercely competitive. Suppliers and subcontractors continue to feel the pinch, absorbing price increases and thinning margins. Weak domestic demand is likely to see low levels of cost escalation continue over the next 6 to 12 months.

Beyond the short-term, the reconstruction of Canterbury should eventually have an impact on pricing, however the timing of this is, at this stage, unknown.

OCEANIA CONSTRUCTION COST RELATIVITIES

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MARKET INTELLIGENCE OCEANIA

BRISBANE

Queensland continues to exhibit the broader national trends of a two-speed economy. Tourist hubs such as the Gold Coast, Sunshine Coast and Cairns continue to be negatively affected by the ongoing global economic turmoil and the continued strength of the currency. However, cities involved in the resources sector are experiencing the upside of this trend.

Residential construction steadied in the September quarter with a 2.1% rise in the volume of Work Done after four consecutive quarters of decline. However, residential approvals slipped 2.1% for the September quarter from the strong performance in the June quarter, suggesting any sustained recovery is yet to materialise. The reduction in interest rates, together with an increase in rental rates should assist in improving activity.

The volume of non-residential construction Work Done dipped 5.4% quarter on quarter in the September quarter, as public sector work completed fell 26.1%. Meanwhile, approvals figures for the same period posted a 2.8% gain, suggesting that as governmental influence wanes, the private sector may be showing some signs of a gradual revival.

As investment continuing to flow into the resources sector, it should eventually spill over into other sectors of the Queensland economy and underpin both capital investment and a new growth cycle.

Despite upwards pressure on building prices in Central Queensland, the substantial drop in overall construction activity has kept prices stable in South East Queensland.

CANBERRA

Levels of construction in the Canberra market began to ease in the third quarter of 2011 and currently tenders in the marketplace are being keenly contested. With the Federal Government's commitment to return the economy to a surplus in 2012/13, there will inevitably be a decline in public works spending in the short-term. The shelving or deferral of non-critical Government capital works projects is becoming more evident, particularly in a city such as Canberra which has a significant proportion of Government-initiated projects.

Residential construction remains reasonably buoyant, as the volume of work completed edged up 2.6% in the June quarter, year on year. However, prospects for future growth are mixed, as housing approvals dropped 39.6% even though apartment approvals leapt 120% for the quarter, year on year.

The volume of Work Done in Canberra's non-residential construction market softened considerably by 24% for the June quarter, year on year, despite continued strength in engineering construction.

A number of large-scale capital works projects will be completed in the coming two years, and with the exception of hospital redevelopment and civil infrastructure works such as the Majura Parkway, there are few other major Government projects which will replace them in the short-term. Extremely competitive market conditions will continue and tender price escalation is expected to be subdued. This offers prospective developers a favourable tendering environment in which to set their projects in motion.

The key sectors which will sustain the industry moving forward are Health, Education, Housing and Infrastructure.

MARKET INTELLIGENCE OCEANIA

CHRISTCHURCH

The impact of the Canterbury earthquakes on Christchurch construction still remains to be felt to the fullest extent expected. With the exception of certain trades and ongoing repair work, there has been a limited effect on construction costs to date. This is likely to continue over the first half of 2012 as insurance and regulatory issues are resolved.

More decisions on residential Red Zones, and subsequent government and insurer offers, are now providing certainty for affected homeowners. This is expected to flow through to higher levels of construction activity in 2012 and beyond. The latest numbers are that 6,540 homes are already determined to be in the residential Red Zone, 908 in the Orange zone (further investigation required) and a further 3,700 in the White Zone (geotech reports required). In addition there are tens of thousands more in the residential Green Zone awaiting substantial repairs or rebuilding.

In non-residential construction, insurers are working through the numerous damaged and demolished buildings, with the CBD still off-limits for all but demolition work. Consequently, there remains little opportunity for the anticipated rebuild to get underway. The current expectation is that the CBD cordon will be removed by April 2012. This, along with decisions on the draft City Plan, should open up Commercial construction in the CBD in the next 12 months.

Levels of construction activity remain low. The few new opportunities are subject to reasonably competitive tendering. Firms are, however, gearing up for the expected opportunities that are likely later in 2012 and beyond.

DARWIN

Darwin's construction market has received a boost from the recent award of the construction contract for the NT Secure Facility project, a major PPP project on the city outskirts. In addition, the tender for the construction of the Marine Supply Base project has also recently been awarded.

With confirmation of Inpex's investment in the construction of a major gas project, the gas and construction markets will benefit directly, while other sectors will benefit indirectly through downstream and supply channels.

The residential market has been moderately active, through a number of low cost housing initiatives initiated by the NT Government, and several medium-rise, low scale suburban private residential developments. There has been very little movement in high-end inner-city residential development, where there is a current over-supply.

The Office accommodation sector has recently seen selection of a developer to provide office accommodation in the CBD for the NT Government.

Major projects progressed in the past year include works at Royal Darwin Hospital, Charles Darwin University, Darwin Airport, Robertson Barracks, Wickham Point Detention Centre and Larrakeyah Barracks. Industrial developments and land release have progressed along the rail corridor, all contributing to keeping the market afloat.

The tender market has been very competitive, while biding time until the announcement of the final investment decision from Inpex. This will set in motion a significant increase in development in response to the needs of the projects filtering through all sectors of the economy.

MARKET
INTELLIGENCE
OCEANIA

MELBOURNE

Although no definitive downward trend in activity has been evident in Melbourne, many within the construction sector, including developers, financiers and contractors, are proceeding cautiously amid the ongoing general economic uncertainty.

The Melbourne residential construction market continued to exhibit resilience, posting a 3.3% increase in volume of Work Done for the September quarter, compared to the June quarter. The volume of Work Done in new houses and apartments rose 2.2% and 5.4% respectively.

However, residential building approvals fell 8.6% in the September quarter (following falls in both the March and June quarters), representing the largest quarterly decline since December 2008.

The total volume of non-residential Work Done steadied in the September quarter after more than 18 months of decline, rising 6.7% compared to the June quarter. Public Sector Work Done was up 3.8% after four quarters in negative territory, while private Work Done rose 8.4%, the largest quarterly increase since the second quarter of 2010.

Again, non-residential approvals figures suggest that sentiment is less than bullish, as they slipped 8.4% in the September quarter.

Generally, tender pricing remains tight, although some contractors, having already secured reasonable forward workload, are less keen, which contributes to wider ranges in tender pricing. The new Enterprise Bargaining Agreement shows labour cost increases upcoming, but these are largely being absorbed through discounting of margins. The high Australian dollar continues to offset imported materials cost increases, while softening demand may be squeezing locally sourced materials suppliers' margins.



MARKET INTELLIGENCE OCEANIA

PERTH

The dual-faceted nature of the Western Australian market persists, as the booming resources-based northern areas contrast starkly with the Perth metropolitan area.

Builders and consultants with a conventional construction focus in Perth and the South West are generally 'doing it tough', with very competitive tendering. Construction costs have remained level or have fallen progressively for three years, from a high in 2008 and margins continue to be squeezed. The picture is slightly different for the limited sector of the market that is able to pursue major projects, with a strong pipeline of future work above the \$70 million cut-off. These are predominantly State Government funded projects in health, justice, sport & recreation, inner city redevelopment and infrastructure upgrade. In addition, the continuing decline of vacancy rates in the premium office market has redirected the attention of commercial developers toward this sector, and there are likely to be several project 'starts' in the near future.

Construction work in the North West continues to expand, and the reach of the fly in / fly out programme has extended further across Australia to attract workers from a much greater catchment. In response to State Government initiatives and also strong pressure from the communities, there is a renewed focus on developing improved housing and social infrastructure to encourage greater permanent residential settlement for the long term development and benefit of those communities. The range of opportunities in the North West continues to grow and the cost differential between this area and the rest of the State will inevitably widen further in 2012.

SYDNEY

The construction industry in Sydney continues to experience uncertain market conditions. The raising of finance for private sector projects remains an issue for developers, in respect of both lending conditions and lengthy approval processes.

Any sustained increase in new residential work has yet to materialise. Non-residential work continues the recent trend of declining opportunities, while the engineering sector is also experiencing variable workload.

The value of ABS Building Approvals for the second quarter of 2011 was 11% below the first quarter. However, third quarter figures recorded a 15% increase above second quarter results.

Office vacancy surveys are reporting overall commercial office vacancy rates of 6% to 8%, although rates for A-Grade and Premium grades are 2% to 3% below average. Refurbishment of existing buildings continues to attract interest in feasibility studies, which may lead to new opportunities.

Aged Care and Health Sector projects do offer new opportunities. Tender results are frequently below budget, however, a large spread of tender prices is still common.

Previous RLB reports comment on Sydney's high level of price discounting, and in the latter half of 2011 a number of trades, such as structure and services, have experienced further discounting. Relatively stable prices are expected to be maintained for the first quarter of 2012.

Assessing cost implications for projects commencing in the second half of 2012 will be particularly difficult due to the implementation of the planned carbon tax changes to operate from July 2012, but will start to emerge during the first quarter of 2012.

Wellington, New Zealand



MARKET
INTELLIGENCE
OCEANIA

WELLINGTON

The commercial construction market in Wellington has slowed considerably over the last few months, with only a few cranes on the horizon. Contractors are reducing labour forces or re-deploying them elsewhere around New Zealand.

Increased workload relating to seismic strengthening works and leaky building repairs are coming through at present and will be a focus for construction activity over the next few years. These works are not large in value but the steady volume should keep a reasonable workforce employed for the near future.

Residential construction has remained steady in the area, without seeing any dramatic rises in activity. Supply merchants have advised of slightly reduced volumes from last year and are not predicting any uplift for 2012.

Consent numbers remain low and we await a possible upturn, following the end of the Rugby World Cup and the re-election of a National-led government.

MARKET DATA CONSTRUCTION RATES

The following data represents estimates of current building costs in the respective market. Costs may vary as a consequence of factors such as site conditions, climatic conditions, standards of specification, market conditions etc.

LOCATION		RANGE OF COST PER M ² OF GROSS FLOOR AREA							
		OFFICES				RETAIL			
		PREMIUM		GRADE A		MALL		STRIP SHOPPING	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ASIA									
BEIJING	RMB	7,200	11,900	6,700	10,200	8,000	12,200	6,950	10,900
GUANZHOU	RMB	6,900	10,950	6,300	9,500	7,800	11,200	6,800	10,150
HO CHI MINH CITY	VND ('000)	21,550	31,000	18,380	23,000	17,390	23,150	14,700	18,670
HONG KONG	\$HKD	16,900	25,000	14,900	20,200	17,600	22,300	15,000	19,600
JAKARTA	RP ('000)	7,950	11,000	5,500	8,600	5,500	7,300	NA	NA
KUALA LUMPUR	RINGGIT	2,000	3,500	2,000	3,500	1,600	3,000	900	2,000
MACAU	MOP	13,600	19,300	11,900	16,600	14,600	18,100	12,400	15,900
MANILA	PHP	32,100	43,800	25,900	35,300	27,200	31,300	20,600	23,100
SEOUL	KRW ('000)	2,050	2,620	1,530	1,880	1,370	1,990	1,160	1,750
SHANGHAI	RMB	7,350	11,850	6,750	10,200	8,050	12,400	7,000	11,150
SHENZHEN	RMB	6,700	10,950	6,300	9,500	7,300	10,850	6,400	9,750
SINGAPORE	\$SGD	2,500	3,600	1,900	2,750	2,000	3,150	NA	NA
TOKYO	YEN ('000)	249	329	219	249	93	204	93	204
EMEA									
BIRMINGHAM	GBP	1,770	2,330	1,500	2,330	2,530	3,550	810	1,520
BRISTOL	GBP	1,900	2,500	1,550	2,450	2,530	3,550	810	1,520
ABU DHABI	AED	5,800	7,000	4,700	6,600	4,800	6,500	NA	NA
DUBAI	AED	5,600	6,900	4,600	6,400	4,600	6,300	NA	NA
LONDON	GBP	2,150	3,400	1,800	3,000	3,000	4,250	NA	NA
MANCHESTER	GBP	1,770	2,330	1,500	2,330	2,530	3,550	810	1,520
OCEANIA									
ADELAIDE	AUD	2,500	3,750	2,200	3,100	1,550	2,950	1,300	1,750
AUCKLAND	NZD	2,750	3,500	2,100	3,200	1,100	1,800	1,200	1,400
BRISBANE	AUD	2,500	3,850	2,000	3,000	2,150	2,950	1,050	1,550
CANBERRA	AUD	2,990	3,890	2,430	3,060	2,000	2,840	1,050	1,760
CHRISTCHURCH	NZD	NOT AVAILABLE AT PRESENT							
DARWIN	AUD	2,645	3,870	2,160	3,520	1,420	2,255	960	1,815
MELBOURNE	AUD	2,980	3,740	2,325	2,880	2,020	2,980	1,060	1,565
PERTH	AUD	3,180	4,780	2,605	3,745	2,010	2,885	1,030	1,780
SYDNEY	AUD	2,900	4,000	2,200	3,000	1,600	3,250	1,250	1,550
WELLINGTON	NZD	2,800	3,200	2,200	2,500	1,300	1,800	NA	NA
USA									
BOSTON	USD	2,155	3,015	1,885	2,635	1,290	2,260	970	1,560
DENVER	USD	1,505	2,420	1,075	1,615	860	1,400	700	1,345
HONOLULU	USD	2,260	4,145	1,830	3,120	1,560	3,875	1,290	3,390
LAS VEGAS	USD	1,505	3,070	1,130	2,045	1,240	5,115	700	1,560
LOS ANGELES	USD	1,940	3,015	1,290	2,100	1,185	2,100	860	1,505
NEW YORK	USD	2,205	3,765	1,940	2,905	1,505	2,690	1,240	1,720
PHOENIX	USD	1,290	2,475	1,025	1,670	1,130	1,775	755	1,345
PORTLAND	USD	1,775	2,260	1,240	1,720	1,185	2,100	970	1,400
SAN FRANCISCO	USD	2,100	3,230	1,505	2,370	1,290	2,370	1,185	1,775
SEATTLE	USD	1,775	2,205	1,240	1,720	1,240	2,155	1,025	1,455
WASHINGTON D.C.	USD	1,885	2,585	1,400	1,990	1,025	2,045	805	1,455

NA: NOT AVAILABLE

Rates are in national currency per square metre of Gross Floor Area except as follows:

Chinese cities, Hong Kong and Macau: Rates are per square metre of Construction Floor Area, measured to outer face of external walls.

Singapore: Rates are per square metre of Construction Floor Area, measured to outer face of external walls and inclusive of covered basement and above ground parking areas.

Chinese cities, Hong Kong, Macau and Singapore: All hotel rates are inclusive of Furniture Fittings and Equipment (FF&E).

	RANGE OF COST PER M ² OF GROSS FLOOR AREA											
	CAR PARKING				HOTELS				INDUSTRIAL		RESIDENTIAL	
	MULTI STOREY		BASEMENT		5 STAR		3 STAR		WAREHOUSE		MULTI-STOREY	
	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ASIA												
RMB	2,100	2,900	3,450	6,150	12,300	16,200	9,000	11,700	4,100	5,200	3,800	5,600
RMB	2,000	2,800	3,500	6,100	12,200	15,600	9,100	11,200	3,900	4,900	3,600	5,200
VND ('000)	7,950	11,880	16,350	22,340	28,020	34,320	21,070	27,250	5,450	8,250	13,970	19,500
\$HKD	6,700	7,850	11,400	16,200	26,800	32,700	21,800	25,100	11,600	14,500	14,750	21,250
RP ('000)	2,650	3,500	3,500	4,900	11,300	14,500	8,650	10,000	3,700	4,500	5,600	7,000
RINGGIT	550	1,000	1,100	1,800	4,000	6,000	2,000	3,300	950	1,600	1,000	2,500
MOP	NA	NA	6,700	8,850	21,800	26,400	17,500	20,800	NA	NA	9,500	15,850
PHP	14,500	16,700	15,900	18,300	52,900	60,900	42,700	48,300	17,200	20,300	26,900	45,700
KRW ('000)	570	710	740	940	2,750	4,080	1,770	2,250	1,030	1,280	1,320	1,900
RMB	2,200	3,000	4,000	6,550	12,400	16,300	9,150	11,700	4,100	5,200	3,700	5,300
RMB	2,000	2,750	3,400	6,000	11,800	15,300	8,800	11,050	3,800	4,800	3,500	5,150
\$SGD	650	1,250	1,800	2,050	4,000	5,250	3,100	3,450	1,050	1,450	1,850	2,950
YEN ('000)	94	125	249	314	378	501	281	455	94	180	NA	NA
EMEA												
GBP	305	610	810	1,315	1,925	2,635	1,215	1,620	330	610	1,520	2,130
GBP	450	750	850	1,400	2,100	2,800	1,250	1,750	330	610	1,520	2,430
AED	1,500	3,500	2,750	4,500	8,900	10,400	7,500	9,000	1,500	2,700	4,500	6,100
AED	1,500	3,500	2,750	4,500	8,800	10,250	7,300	8,900	1,300	2,600	4,300	5,900
GBP	375	750	975	1,600	2,300	3,100	1,500	2,000	400	725	1,800	2,900
GBP	305	610	810	1,315	1,925	2,635	1,215	1,620	330	610	1,520	2,430
OCEANIA												
AUD	625	1,050	1,100	1,400	3,400	4,300	2,600	3,300	600	1,100	2,100	3,150
NZD	550	750	1,000	1,500	3,450	3,800	2,800	3,200	450	700	2,100	2,900
AUD	600	900	1,100	2,000	3,200	4,300	2,500	3,600	600	1,000	2,100	2,800
AUD	680	940	910	1,270	3,680	4,310	2,680	3,740	630	980	2,480	3,320
NZD	NOT AVAILABLE AT PRESENT											
AUD	540	1,080	695	1,420	2,990	4,020	1,785	2,795	675	1,225	1,645	2,355
AUD	655	1,060	1,110	1,365	3,740	4,245	2,880	3,385	555	1,110	2,175	3,235
AUD	685	1,125	990	1,455	3,730	4,580	2,740	3,785	635	1,030	2,235	3,380
AUD	600	900	900	1,400	3,700	4,650	2,600	3,150	600	900	2,150	3,150
NZD	500	900	1,800	2,600	3,400	4,100	2,200	2,600	900	1,400	2,500	3,200
USA												
USD	645	970	860	1,185	2,690	4,305	1,720	2,690	755	1,075	1,455	2,370
USD	430	755	645	1,025	1,990	3,015	1,130	1,775	700	1,185	755	1,990
USD	700	1,075	1,025	2,045	4,035	5,865	2,530	4,250	1,075	1,720	1,455	3,500
USD	540	915	645	1,615	3,500	4,950	1,290	2,420	540	1,075	755	4,305
USD	645	1,025	915	1,400	2,690	4,200	1,830	2,635	755	1,290	1,455	2,315
USD	700	1,130	915	1,345	3,445	5,115	1,990	2,850	970	1,400	1,505	2,690
USD	430	700	645	1,075	2,260	3,550	1,075	1,720	590	1,075	860	1,990
USD	700	915	915	1,345	1,885	2,850	1,400	1,830	805	1,185	1,185	2,100
USD	755	1,075	970	1,505	2,850	4,415	2,045	2,800	860	1,400	1,560	2,475
USD	700	915	915	1,345	1,990	2,960	1,505	1,940	805	1,185	1,290	2,530
USD	590	860	805	1,075	2,475	4,035	1,615	2,475	755	1,075	1,075	1,990

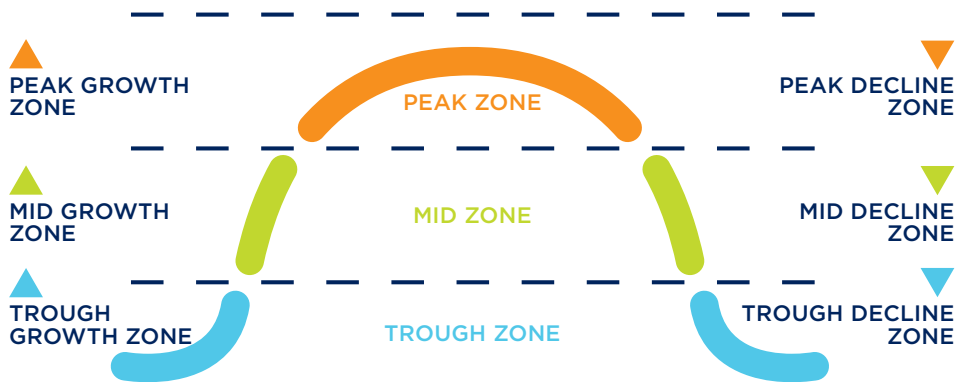
MARKET DATA

LOCATION	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
AMERICAS							
BOSTON	▼	▲	▼	▼	▼	▲	▲
DENVER	▼	▼	▲	▼	▲	▼	▲
HONOLULU	▼	▲	▼	▼	▲	▲	▲
LAS VEGAS	▼	▲	▼	▼	▼	▲	▲
LOS ANGELES	▼	▼	▲	▲	▲	▲	▲
NEW YORK	▼	▲	▲	▼	▲	▲	▲
PHOENIX	▲	▲	▼	▲	▼	▼	▲
PORTLAND	▼	▲	▲	▲	▲	▼	▲
SAN FRANCISCO	▼	▼	▲	▲	▲	▲	▲
SEATTLE	▼	▲	▼	▼	▼	▲	▲
WASHINGTON D.C.	▲	▲	▲	▼	▲	▲	▲
ASIA							
BEIJING	▲	▼	▲	▲	▲	▲	▲
GUANGZHOU	▼	▼	▼	▼	▲	▼	▼
HO CHI MINH CITY	▲	▼	▼	▲	▲	▲	▲
HONG KONG	▲	▲	▲	▲	▲	▲	▲
JAKARTA	▲	▲	▲	▲	▲	▲	▲
MACAU	▲	▲	▼	▼	▲	▲	▲
MANILA	▲	▲	▲	▼	▲	▲	▼
SEOUL	▼	▼	▲	▼	▲	▼	▲
SHANGHAI	▼	▼	▲	▲	▲	▼	▲
SHENZHEN	▼	▼	▲	▼	▲	▼	▼
SINGAPORE	▲	▲	▼	▲	▼	▲	▲
TOKYO	▲	▲	▲	▲	▲	▲	▲
EMEA							
ABU DHABI	▼	▼	▼	▲	▼	▼	▲
BRISTOL	▼	▼	▼	▼	▼	▼	▲
DOHA	▲	▲	▼	▲	▲	▲	▲
DUBAI	▼	▼	▼	▼	▼	▼	▼
LONDON	▲	▲	▲	▼	▲	▲	▼
MANCHESTER	▲	▼	▼	▼	▲	▲	▼
SAUDI ARABIA	▲	▲	▲	▲	▼	▼	▼
SHEFFIELD	▲	▲	▲	▼	▲	▲	▼
OCEANIA							
ADELAIDE	▼	▼	▼	▼	▲	▲	▲
AUCKLAND	▲	▼	▼	▲	▲	▼	▼
BRISBANE	▼	▼	▲	▲	▲	▼	▲
CANBERRA	▲	▼	▼	▲	▼	▼	▲
CHRISTCHURCH	▲	▲	▲	▲	▲	▲	▲
DARWIN	▲	▲	▲	▲	▲	▲	▲
MELBOURNE	▲	▲	▲	▲	▲	▼	▲
PERTH	▼	▼	▲	▲	▲	▲	▲
SYDNEY	▼	▲	▼	▲	▼		▲
TOWNSVILLE	▲	▼	▲	▼	▲	NA	▲
WELLINGTON	▲	▲	▼	▲	▼	▼	▲

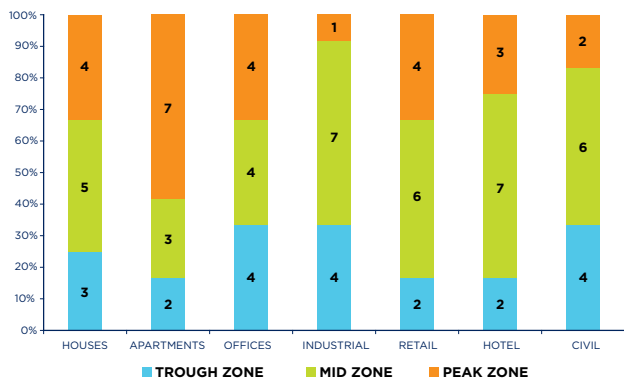
NA: NOT AVAILABLE

MARKET DATA

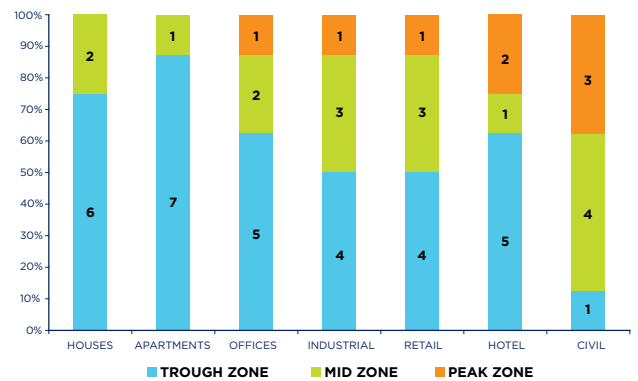
CONSTRUCTION MARKET ACTIVITY CYCLE MODEL



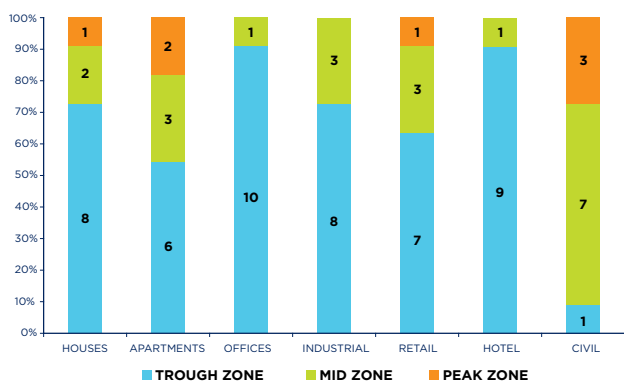
ASIA CONSTRUCTION SECTOR BAROMETER



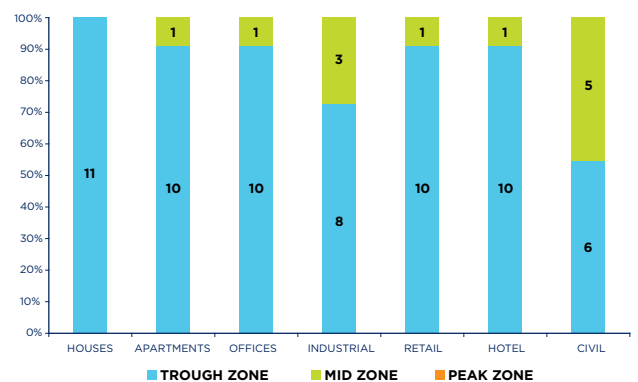
EMEA CONSTRUCTION SECTOR BAROMETER



OCEANIA CONSTRUCTION SECTOR BAROMETER



AMERICAS CONSTRUCTION SECTOR BAROMETER



KEY STATISTICS

AUSTRALIA	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	4.6 %	2.6 %	1.4 %	2.7 %	1.8 %	3.3 %
GDP PER CAPITA	\$57,275	\$57,492	\$57,695	\$58,512	\$58,827	\$60,030
EXCHANGE RATE (AS AT 1 DEC 2011 AUD PER USD)	1.137	1.543	1.095	1.045	0.975	-
PPP RATE	1.436	1.494	1.468	1.523	1.564	1.564
INFLATION	2.3 %	4.4 %	1.8 %	2.8 %	3.5 %	3.3 %
UNEMPLOYMENT	4.4 %	4.3 %	5.6 %	5.2 %	5.0 %	4.8 %

CHINA	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	14.2 %	9.6 %	9.2 %	10.3 %	9.5 %	9.0 %
GDP PER CAPITA	8,092 YUAN	8,823 YUAN	9,588 YUAN	10,526 YUAN	11,466 YUAN	12,440 YUAN
EXCHANGE RATE (AS AT 1 DEC 2011 CNY PER USD)	7.414	6.851	6.827	6.679	6.335	-
PPP RATE	3.624	3.822	3.759	3.933	4.049	4.131
INFLATION	4.8 %	5.9 %	-0.7 %	3.3 %	5.5 %	3.3 %
UNEMPLOYMENT	4.0 %	4.2 %	4.3 %	4.1 %	4.0 %	4.0 %

UNITED ARAB EMIRATES	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	6.6 %	5.3 %	-3.2 %	3.2 %	3.3 %	3.8 %
GDP PER CAPITA	AED 138,771	AED 137,662	AED 125,404	AED 125,683	AED 126,050	AED 126,975
EXCHANGE RATE (AS AT 1 DEC 2011 AED PER USD)	3.673	3.673	3.673	3.673	3.673	-
PPP RATE	4.214	4.774	4.188	4.481	5.035	5.040
INFLATION	11.1 %	12.3 %	1.6 %	0.9 %	2.5 %	2.5 %
UNEMPLOYMENT	N/A	N/A	N/A	N/A	N/A	N/A

EURO ZONE	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	2.9 %	0.4 %	-4.1 %	1.7 %	1.6 %	1.8 %
GDP PER CAPITA (INT \$)	\$32,502	\$33,178	\$31,997	\$32,773	\$33,593	\$34,583
EXCHANGE RATE (AS AT 1 DEC 2011 EUR PER USD)	0.682	0.793	0.663	0.762	0.741	-
PPP RATE	N/A	N/A	N/A	N/A	N/A	N/A
INFLATION	2.1 %	3.3 %	0.3 %	1.6 %	2.3 %	1.7 %
UNEMPLOYMENT	7.5 %	7.6 %	9.5 %	10.0 %	9.9 %	9.6 %

NOTES

Estimates after 2010.

Exchange rates are quoted as currency units per U.S. dollar

Sources: IMF and RLB

DEFINITIONS

GDP: Gross domestic product, constant prices (Annual percent change). Annual percentages of constant price GDP are year-on-year changes; the base year is country-specific.

GDP per Capita: Gross domestic product per capita, constant prices (National currency). GDP in constant national currency per person. Data derived by dividing constant price GDP by total population.

PPP rate: Purchasing Power Parity rate of exchange. Rate against the International dollar (USD), which renders purchasing power identical to the international dollar.

Inflation: Consumer Price Inflation

Unemployment: Percentage of total workforce

Exchange Rate as at December 2011

NEW ZEALAND	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	2.8 %	-0.1 %	-2.0 %	1.7 %	2.0 %	3.8 %
GDP PER CAPITA	\$32,093	\$31,770	\$30,803	\$30,974	\$31,259	\$32,093
EXCHANGE RATE (AS AT 1 DEC 2011 NZD PER USD)	1.312	1.834	1.396	1.348	1.283	-
PPP RATE	1.569	1.582	1.613	1.643	1.686	1.698
INFLATION	2.4 %	4.0 %	2.1 %	2.3 %	4.4 %	2.7 %
UNEMPLOYMENT	3.7 %	4.2 %	6.2 %	6.5 %	6.4 %	5.6 %

SINGAPORE	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	8.8 %	1.5 %	-0.8 %	14.5 %	5.3 %	4.3 %
GDP PER CAPITA	\$51,007	\$50,228	\$48,966	\$55,094	\$57,021	\$58,456
EXCHANGE RATE (AS AT 1 DEC 2011 SGD PER USD)	1.452	1.523	1.384	1.318	1.284	-
PPP RATE	1.099	1.062	1.054	1.037	1.047	1.057
INFLATION	2.1 %	6.6 %	0.6 %	2.8 %	3.7 %	2.9 %
UNEMPLOYMENT	2.1 %	2.2 %	3.0 %	2.2 %	2.3 %	2.3 %

UNITED KINGDOM	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	2.7 %	-0.1 %	-4.9 %	1.4 %	1.1 %	1.6 %
GDP PER CAPITA	£22,370	£22,211	£20,983	£21,122	£21,218	£21,409
EXCHANGE RATE (AS AT 1 DEC 2011 GBP PER USD)	0.485	0.665	0.604	0.641	0.637	-
PPP RATE	0.648	0.653	0.656	0.667	0.680	0.693
INFLATION	2.3 %	3.6 %	2.1 %	3.3 %	4.5 %	2.4 %
UNEMPLOYMENT	5.4 %	5.6 %	7.5 %	7.9 %	7.8 %	7.8 %

USA	YEAR					
	2007	2008	2009	2010	2011 (P)	2012 (F)
GDP	1.9 %	-0.3 %	-3.5 %	3.0 %	1.5 %	1.8 %
GDP PER CAPITA	\$43,744	\$43,194	\$41,328	\$42,220	\$42,468	\$42,816
EXCHANGE RATE (AS AT 1 DEC 2011 PER USD)	1.000	1.000	1.000	1.000	1.000	1.000
PPP RATE	1.000	1.000	1.000	1.000	1.000	1.000
INFLATION	2.9 %	3.8 %	-0.3 %	1.6 %	3.0 %	1.2 %
UNEMPLOYMENT	4.6 %	5.8 %	9.3 %	9.6 %	9.1 %	9.0 %

MARKET DATA

INTERNATIONAL CONSTRUCTION COST RELATIVITIES		
CITY		JAN-12
NEW YORK	AMERICAS	155
LONDON	EMEA	142
HONOLULU	AMERICAS	137
SAN FRANCISCO	AMERICAS	137
BOSTON	AMERICAS	134
LOS ANGELES	AMERICAS	125
HONG KONG	ASIA	124
WASHINGTON D.C.	AMERICAS	123
BRISTOL	EMEA	117
PERTH	OCEANIA	117
DARWIN	OCEANIA	117
SYDNEY	OCEANIA	113
BIRMINGHAM	EMEA	112
MANCHESTER	EMEA	112
CANBERRA	OCEANIA	111
MELBOURNE	OCEANIA	108
ADELAIDE	OCEANIA	106
SEATTLE	AMERICAS	105
MACAU	ASIA	102
WELLINGTON	OCEANIA	99
DOHA	EMEA	99
ABU DHABI	EMEA	99
SINGAPORE	ASIA	98
TOWNSVILLE	OCEANIA	98
PORTLAND	AMERICAS	98
OTAGO	OCEANIA	96
DUBAI	EMEA	96
CHRISTCHURCH	OCEANIA	95
AUCKLAND	OCEANIA	94
LAS VEGAS	AMERICAS	94
PHOENIX	AMERICAS	92
DENVER	AMERICAS	92
RIYADH	EMEA	91
BRISBANE	OCEANIA	91
BEIJING	ASIA	88
SHANGHAI	ASIA	86
MUSCAT	EMEA	85
SHENZHEN	ASIA	77
GUANGZHOU	ASIA	76

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Perth
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Western Sydney

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Otago
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EMEA

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Newcastle
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Shenyang
Shenzhen
Tianjin
Wuhan
Wuxi
Xian
Zhuhai

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Mumbai

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Jakarta

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Kota Kinabalu
Kuala Lumpur

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Davao
Manila

SINGAPORE

Singapore

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Seoul

THAILAND

Bangkok

VIETNAM

Ho Chi Minh City

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Calgary

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Barbados
Grand Cayman

USA

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Phoenix, AZ
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Waikoloa, HI
Washington, DC



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