

Media release

**Construction activity picks up following strong sales, profits:
illion Business Expectations Survey**

6 March 2018 – A sharp improvement in the construction sector’s sales and profits has created a level of confidence not seen since 2013, according to [illion’s](#) latest Business Expectations Survey. The analysis found the increase in public infrastructure spending and early signs of a turn in business investment have led to ongoing strength in dwelling construction.



The analysis also reveals business confidence across all sectors is at a three-year high, with the Business Expectations Index up 16.8 percent year-on-year. Expectations for profits, sales and employment improved on a year-to-year basis, while expectations for capital investment was lower.

Stephen Koukoulas, illion Economic Adviser, said the on-going weakness in capital investment continues to be a challenge for the economy.

“Business leaders’ expectations for investment have improved over the past year but the pickup appears to have stalled for the June quarter. While we don’t expect this to immediately impact the economic outlook, any further decline would be a concern.

“Employment expectations for the June quarter edged lower, yet the overall picture is buoyant. The expectations of the business sector fit with the recent news on the economy which points to a gentle pickup in activity and strong profit growth.”

The analysis found a shortage of skilled labour is the number one concern for businesses, with the issue overtaking the cost of utilities and operations as the biggest barrier to growth.

illion CEO Simon Bligh said the results indicate a tightening labour market, with a lack of skilled employees available across many different sectors.

“The two options to break this deadlock are declining demand or increased wages, and the latter would be preferable for business and consumer confidence.”



The illion Business Expectations Survey interim report for Q2 2018 is available [here](#).

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About the illion Australian Business Expectations Survey

Methodology behind the Australian Business Expectations Survey: Each month, illion asks a sample of executives if they expect an increase, decrease or no change in their quarter-ahead sales, profits, employees, capital investment and selling prices compared with the same quarter a year ago. The executives are also asked for actual changes over the twelve months to the latest completed quarter.

In this issue, the final indexes for the latest quarter are based on approximately 827 responses obtained during January and February 2018.