

An aerial night photograph of a city skyline. Two prominent skyscrapers are illuminated from within, their glass facades reflecting the city lights. A construction crane is visible at the top of the taller building on the left. The city below is a dense grid of lights, with a river or canal visible in the lower right. The overall scene is a vibrant display of urban architecture at night.

RLB | Rider Levett Bucknall

INTERNATIONAL
REPORT |

CONSTRUCTION
MARKET
INTELLIGENCE

JANUARY 2011

OFFICES AROUND THE WORLD

ASIA

CHINA

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Chengdu
Chongqing
Dalian
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Guiyang
Hangzhou
Hong Kong
Macau
Nanjing
Sanya
Shanghai
Shenyang
Shenzhen
Tianjin
Wuhan
Wuxi
Xian
Zhuhai

INDONESIA

Jakarta

MALAYSIA

Kota Kinabalu
Kuala Lumpur

PHILIPPINES

Manila

SINGAPORE

Singapore

SOUTH KOREA

Seoul

THAILAND

Bangkok

VIETNAM

Ho Chi Minh City

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Barbados
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Guam
Hilo
Honolulu
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Las Vegas
Los Angeles
New York
Orlando
Phoenix
Portland
San Francisco
Seattle
Tucson
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OCEANIA

AUSTRALIA

Adelaide
Brisbane
Cairns
Canberra
Darwin
Gold Coast
Melbourne
Newcastle
Northern NSW
Perth
Sunshine Coast
Sydney
Townsville
Western Sydney

NEW ZEALAND

Auckland
Christchurch
Otago
Palmerston North
Tauranga
Wellington

EMEA

MIDDLE EAST

Abu Dhabi
Doha
Dubai
Muscat
Riyadh

UK

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Birmingham
Bristol
London
Manchester
Newcastle
Sheffield
Welwyn Garden City
Wokingham

EUROPE

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Cover: Moscow, Russia

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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 is firmly established as one of the world's foremost global consultancy practices, which specialises exclusively in the property and construction industry.

Our journey has seen us expand into new regional markets around the world through the creation of local offices and alliances and accumulate a strong capability in the fields of cost consultancy, project management and advisory services.

As consultants, we pride ourselves in the depth of knowledge we are able to offer our clients. Our cost expertise is continuously enhanced with a major investment in research and development, so we are able to provide up to the minute, cutting edge advice relevant to our clients' needs and the success of their projects.

The International Report January 2011 cover image is from Moscow, Russia. Russia is currently one of the world's fastest growing economies and home to the Sochi 2014 Winter Olympic Games. The main stadium (pictured overleaf) delivers an iconic centrepiece and provides future legacy use for Sochi as a football venue. Its coastal location and mountainous backdrop add to the spectacular image created.

In collaboration with its pan European network of partners, Rider Levett Bucknall is providing cost advice for the 2014 Winter Olympics in Sochi. The aim of the services performed by Rider Levett Bucknall is to add certainty to the areas of cost; set realistic budgets; reduce the risk of overruns; and provide venues that leave an asset not a liability to the host city.

Accurate cost data and informed commentary is always essential. Above all, we are global property market and construction cost experts, with offices located worldwide. We trust this edition of the International Report will assist you wherever you do business.

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2014 Winter Olympic Games Sochi, Russia

Client:
Sochi 2014 Organising Committee

Architect:
Populous



THE INTERNATIONAL REPORT

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

The International Report is strategically inserted between editions of our Regional Reports, which provide detailed analysis of Asia, Americas, EMEA and Oceania markets. In tandem with these, the International Report provides holistic insights into national and international costs and market-trends.

Data and analysis for the International Report is compiled over a six month period, the result being a robust data-set and commentary relevant to construction market participants around the globe.

AMERICAS

In the USA, construction markets continue to struggle. Even where there are apparent green shoots of recovery, proposed projects can easily be stayed by funding and financing difficulties. Increased vigilance and risk averse behaviour of both borrowers and funders has resulted in projects facing more and higher hurdles before they reach the probity standard required to permit progress to take place. Eventually, solutions will appear, as the general economic recovery strengthens, with attendant demand for building construction output. However, in the interim, the industry is facing difficult times. Workload levels are not high and tendering is very competitive, both for public sector and private sector work.

ASIA

Asia's construction industries have come through the financial crisis in relatively good shape. The bursts of building cost inflation seen in the first half of the year have given way to more restrained escalation as markets respond to, for example, government-led cooling measures in China, and the general slowing of the economy in Singapore. Nevertheless, Asian construction commences the

year with sustainable workload levels, giving rise to the expectation of generally moderate price escalation in 2011.

EMEA

Throughout the EMEA Region, governments have committed large sums of money to stimulating construction, but these monies are waning and economies are having to look to private investment to move forward. In the UK in particular, government has flagged policy to actually wind back previously committed public sector spending.

On the European mainland, there is also the common theme of significant dependence on public sector funding and infrastructure projects.

However signs of recovery are showing in parts of the Middle East. There, some locations, in particular Abu Dhabi, have clearly grasped the opportunity to re-invigorate dormant projects to benefit from depressed pricing.

OCEANIA

Has benefited from the strength of its banking and financial sectors, together with the significant resources sector, on the way into the downturn. However, across the nation, there is wide variance in construction industry activity and competitiveness. The terrible January floods in Queensland will have an inevitable and considerable impact on the wider economies of Queensland and also Australia as a whole, as recovery and re-building programmes swing into action.

New Zealand's economy although not having experienced the dramatic slides of some European economies, has faltered somewhat in its recovery, resulting in forecasts of subdued growth in 2011. Obviously, activity following-on from the recent earthquake will help, but the greater part of the difficulty is reflective of still cool conditions in the lending markets, which will have to thaw awhile before many major projects come to market.



39 Conduit Road, Hong Kong

Client:
Carry Express Ltd and Nation Sheen Ltd.

Architect:
Dennis Lau & Ng Chun Man
Architects & Engineers (HK) Ltd.

MARKET
INTELLIGENCE
ASIA

BEIJING

Though the published GDP increase of 9.6% in third quarter 2010 was lower than the increases in the preceding two quarters, the general economic environment remains in a stable condition. The central government continues to consider measures to cool down the real estate market. This, together with the global pressure on the appreciation of the renminbi, is expected to affect the inflow of foreign investment in China.

With the recent imposition of new mortgage regulations, the increase in interest rates and new rules against the receipt of pre-sale money, it is expected that the pace of the residential construction market will become slower as compared with previous quarters. In addition, the central government imposition of real estate tax, for those owners having their second or third apartments, may further affect the second-hand market and the sentiment of property investment.

Due to the unfavourable conditions of the residential market, many real estate developers have begun to shift their focus to the retail and factory outlet sector, proportionately more so than in previous years. The completion of shopping malls and factory outlets should see a release in pent up demand for these services, facilitating consumer spending and having a generally positive effect on economic growth.

The overall outlook for 2011 is forecast to show a mild upward trend in construction costs once the market digests the cool-down measures imposed by central government.

All construction work was suspended in October 2010 due to the hosting of the Asian Games in November. Prior to the suspension, construction activities had remained at a high level due to acceleration of Asian Games related projects and other projects striving to finish prior to work suspension. Subsequently, tendering activities depict a return to a relatively high level of activity after the event. Municipal government has also embarked on a project to redevelop more than a dozen old villages-in-city, which will further boost construction volumes.

In the wake of the government's austerity measures to curb soaring property prices, house prices have fallen moderately. However, developers seem unconcerned and remain upbeat with many new residential projects in the pipeline. Meanwhile, Non-residential construction activity, especially retail, is likely to grow significantly.

Tender prices were stable in the third quarter of 2010, due to lack of tendering activity prior to the Asian Games. Continued inflow of foreign capital, affluent domestic capital and brisk construction activity will give rise to significant tender price inflation in 2011. The recent increase in the statutory minimum wage will also contribute in pushing up tender prices.

HONG KONG

With the US Federal Reserve's latest expansion of quantitative easing, it has become apparent that a housing bubble in Hong Kong's property market is unavoidable. In his Policy Address delivered in mid-October, the Chief Executive announced new measures to cool the housing market. Despite these measures, it is unlikely that rising house prices will diminish in the coming months, due to low interest rates and rising demand.

GUANGZHOU

Guangzhou's GDP in the second quarter of 2010 grew 13.6% year-on-year, 0.1 and 2.1 percentage points higher than the first and second preceding quarters respectively.

ASIA CONSTRUCTION COST RELATIVITIES

HONG KONG	112
SINGAPORE	96
MACAU	95
BEIJING	83
SHANGHAI	79
SHENZHEN	74
GUANGZHOU	72

MARKET INTELLIGENCE

ASIA

Construction activities in the infrastructure sector such as the Wanchai reclamation, MTR's West and South Island Lines, Express Rail and Kai Tak Development will continue to provide strong support for the construction industry. With an expected increase in activities in other sectors such as education and residential, contractors' bidding is likely to be more selective and shortage of skilled labour will become a concern.

Rider Levett Bucknall's Tender Price Index showed an increase of 3.6% in tender prices in the second quarter of 2010, a much faster pace than in the first quarter. On a year-on-year basis, the increase was 7.8%. The year 2011 will see further rises in tender prices, as the US dollar maintains its weak position and the renminbi continues to appreciate.

MACAU

Macau's Gross Domestic Product continued to expand in the second quarter of 2010 with a real growth rate of 49.1% on a year-on-year basis, thanks to the favourable performance of the gaming and tourism sector. The Composite Consumer Price Index for September 2010 increased by 3.8% year-on-year and rose by 0.3% month-to-month.

The recent resumption of construction of some of the major gaming and hotel projects is expected to further exacerbate the current shortage of local skilled labour in the market, resulting in rising labour costs. Subject to the Macau Government's approval, developers are in the process of arranging importation of skilled labour to avoid the adverse impact of labour shortage on project completion dates.

Construction activities will pick up significantly in 2011, when the construction of the major gaming and hotel projects is in full swing and start-ups in the residential sector increase. Therefore, construction costs are expected to rise gradually throughout the year.

SHANGHAI

During the first three quarters of 2010, investments in the Shanghai property market increased 30.9% compared to the same period last year, while the growth rate dropped 4.6% in the last two quarters. Investments in property developments represent 40.1% of the overall fixed asset investment, representing an increase of 11.7% from the same period last year.

Since the implementation of Government's policies directed at cooling down the overheated property market and the development of low income housing at the beginning of the year, the growth of property investments has fallen significantly since its peak in May.

During the first three quarters of 2010, investments in local infrastructure dropped 39.1% compared to the same period last year, due to construction of infrastructure being severely restricted prior to and during the Shanghai Expo which ran between May and October 2010.

Government policy restricting production has also contributed to a rise in steel prices. September this year saw a moderate increase from August; and concurrently there has also been a much bigger increase in cement prices. Once the restriction is relaxed, combined with shrinking demand for iron ore, further increases in steel prices should be minimal and remain steady at current levels.

MARKET INTELLIGENCE ASIA

Post-Expo, investment in the Shanghai property market will increase due to the commencement of major earmarked developments such as the Hongqiao Transit Hub, the redevelopment of the Expo Site and the development of the old Bund (Shiliupu area). Looking ahead, construction activities are expected to remain stable, with mild increases in construction cost over the next few months.

SHENZHEN

Through the efforts of the district government, the area of Nan Shan in western Shenzhen has become one of the most vibrant entertainment, retail and commercial areas of the city, with several major mixed-use developments commencing.

The Futian CBD also continues to prosper and has developed into a world-class commercial area. Major projects include the Shenzhen Stock Exchange Tower which is due for completion by the end of the year; Ping An International Finance Centre, which at over 600m high is one of the tallest towers in China; and the main station of the high speed rail connecting Shenzhen with other major cities in China.

The government has announced that Qian Hai district, located to the northwest, will be the next CBD in Shenzhen, which will assist the transformation of Shenzhen from an industrial city to the financial hub of southern China. However, despite this transformation, construction activities in the industrial sector have been maintained while becoming greener and more technologically advanced.

SINGAPORE

The strong growth of the Singapore economy moderated in the 3rd Quarter of 2010, with GDP estimates showing 10.3% year-on-year expansion compared with 19.6% in the previous quarter. An anticipated correction of the exceptional growth of the first half of 2010 was partly due to lower output from the biomedical manufacturing cluster. The construction sector registered a 12% quarterly contraction in quarter 3, after having expanded by 29% in quarter 2. This was mainly due to the completion of key commercial and industrial building projects. Final quarter growth has been underpinned by the electronics and tourism sectors, the economy being forecast to have achieved overall growth of 13% to 15% for 2010.

Despite the government's recent property-cooling measures, the private residential market continued to witness rising sale prices, with overall 2.9% increases in 3rd Quarter 2010, set against the previous quarter's 5.3% increase. Low interest rates and high liquidity in the market were co-contributory factors to continuing sales momentum. Residential construction demand increased by 283% for the first 8 months of 2010 compared with the same period last year. Commencement of commercial, industrial and Sports Hub projects also drove overall construction demand to S\$16.8 billion for the first 8 months of the year.

Looking ahead, development of the Mass Rapid Transit Downtown Line Stage 3 and public housing projects will contribute to Singapore's upcoming construction demand.

With the prospect of an improving global economy and growing market optimism, private sector construction demand is expected to increase in 2011, with more residential and commercial developments, giving rise to moderate building tender price increases.

CityCenter, USA

Client:
MGM MIRAGE

Architects:
Ehrenkrantz Eckstut & Kuhn
Gensler
Helmut Jahn
Kohn Pedersen Fox Associates
Pelli Clarke Pelli Architects
Rockwell Group
RV Architecture, LLC
Studio Daniel Libeskind



MARKET INTELLIGENCE USA

BOSTON

Boston's construction market remains mired in recession. Construction of large condominium developments has ground to a halt, with flagging state-wide sales down by over 26% from 2009. Difficulties in obtaining finance continue to deter developers from this once lucrative field of activity. However, the rental market is showing some signs of life, with rental and homeowner vacancy rates sitting at 7.4% for the Northeast compared to 10.3% for the USA as a whole. Vacancies in existing apartment complexes continue to decline, prompting developers to float the idea of converting previously approved plans for condominium buildings to rental units. On the other hand, single family home construction remains stagnant as lenders continue to be guarded in the issuance of mortgages and the numbers of foreclosed properties continue to rise.

The commercial construction sector continues to struggle, with no speculative office construction likely to be on the horizon for some time, due to rising vacancy rates within the existing building stock. Educational sector projects have also slowed significantly, although signs of life are beginning to show, with some Universities around the state, such as Harvard Business School, announcing future expansion plans and re-starting previously stalled planning efforts.

Design firms and contractors alike continue to make significant staff reductions, underscoring the fact that the construction industry remains in considerable distress at both ends.

In overview, recovery from the recent economic woes has been slow, with precious little work hitting the streets, and therefore bidding conditions remain highly competitive.

LAS VEGAS

The Nevada construction market remains slow relative to other states, with many Owners having severely curtailed their spending programs. Southern Nevada construction spending is down approximately 60% on 2008 levels, with many companies continuing to review their overhead costs and shedding staff to remain afloat. Overall state unemployment stands at 14.4%, the highest in the country. Around 25% of the construction labour force is out of work, the situation being further fuelled by ongoing large construction projects coming to an end. There continues to be significant oversupply of existing or completed properties, resulting in high vacancy rates in offices of 23.5%, 15.5% in industrial, and 10.5% in retail. The housing market retained its relative stability, with prices down approximately 3%.

In relation to financing for commercial new-build construction, Lenders appear to prefer Owner-Occupier schemes with signed tenant agreements for any remaining space. This risk averse approach obviously makes finance harder to obtain for speculative developments. The main construction activity remains in refurbishment projects rather than new build. Of the new-build projects underway, the bulk are in the public sector. Notable large construction projects completing include; CityCenter, Hoover Dam bypass and Cosmopolitan Resort and Casino.

Construction price movement remains negative, at -0.25% in the 4th quarter of 2010 and overall -1.17% for 2010, continuing the fall of prices since the 2006 peaks. Fierce competition continues, with bid prices coming in 25% lower than 4 years ago.

2011 is forecast to be another slow year, with some way to go yet before a full recovery takes place.

EMEA CONSTRUCTION COST RELATIVITIES

NEW YORK	150
SAN FRANCISCO	134
HONOLULU	131
BOSTON	131
LOS ANGELES	122
SEATTLE	104
PORTLAND	95
LAS VEGAS	92
DENVER	90
PHOENIX	90

MARKET INTELLIGENCE USA

LOS ANGELES

The economy in Greater Los Angeles has begun to emerge from the recession, albeit at a slower pace than most markets in the US. The housing market has begun to stabilise, but the unemployment rate remains high and further job growth is expected to remain modest over the next few years.

Housing prices remain at an historic low, resulting in new construction in the Apartment and Condominium sectors having slowed significantly. Some major projects in downtown Los Angeles have been cancelled or shelved and as yet there are no indications that a resurgence in activity will commence in the short term.

Current office projects under construction in Greater Los Angeles total approximately 981,000 square feet. The bulk of this is occurring primarily in West Los Angeles, and is a considerably lower figure than this time last year. It is expected that the industrial sector should also continue to see modest activity levels, although the average quarterly pace remains below that seen during the period of the last housing boom and lower again than the last economic recovery period.

There has also been a significant fall in demand for retail space. The only major downtown projects in planning or entitlement phase are the Wilshire Grand Hotel mixed-use development and the 41 court Federal Court House.

Tender pricing remains very competitive, with profit margins at the lowest levels seen in recent years. Higher risk factors and tighter lending criteria in the traditional financial sectors are still the main reasons why lenders and investors alike are reluctant to commit to new construction.

PHOENIX

Within the Phoenix Metro area both residential construction and commercial real estate markets have remained stagnant as the current construction cycle downturn continues to greatly impact the area.

There are some signs of a slight improvement, with an increase in the volume of civil related projects, much of which is being funded though the American Recovery and Reinvestment Act of 2009 (ARRA).

Also in the residential market, there are some positive signs emerging within the Phoenix metro area. Personal income growth percentages are back on the rise and Phoenix is second only to Las Vegas in terms of homes sold that were affordable for families earning the area's median income. However, the want of any real strength in the housing market continues to hamper construction employment, job numbers having dropped in September 2010 to 116,100, about half of the 2007 figure.

In addition, there remains continued pressure on both City and State budgets. Voters recently approved a temporary sales tax hike of 1% (until May 31, 2013), with two-thirds of the revenues generated funding K-12 education and the other third funding health and human services and public safety.

It is anticipated that it will take 3-5 years for housing activity to again reach the levels seen in 2003, which suggests that there is a strong sense of caution after the challenges of the last several years.

That outlook does not bode well for the near-term health of Arizonan construction employment, which has, for decades, been a mainstay of the general economic well-being of the region.

MARKET INTELLIGENCE EMEA

BIRMINGHAM

The global financial crisis has severely affected the Birmingham market. There have been few new projects from private developers, most work for the past year having come from public bodies.

Recently however, there has been a slight increase in activity from a number of private developers on pre-let developments, although funding is still particularly hard to secure and finance rates are still high, making project viability difficult. New speculative developments are virtually non-existent.

The effects of the government spending review will reduce public sector workload as the last projects funded by Regional Development Agencies are due to complete on site in 2011.

Public Sector projects surviving the spending review include the upgrade of New Street station in Birmingham, the high speed rail link system to London from Birmingham, The Birmingham "Big City Plan", and the new M1/M6 viaduct.

Private sector workload is likely to remain subdued in 2011, alongside the reduced public sector demand. This scenario has the prospect of making the year particularly difficult, in an environment in which several Subcontractors have already gone into administration due to their inability to successfully deliver projects tendered at excessively low rates.

Overall, it is likely that tender prices will remain static at the current low levels, making it a good time to build in terms of capital cost if projects are financed at viable rates.

BRISTOL

The South West market has been significantly affected by the downturn in economic conditions. Ongoing public sector work has helped to dampen the effect of the downturn but the overall situation has resulted in very competitive bidding for work.

The lack of demand in the housing sector continues to impact on the supply of new-build starts.

Whilst the downturn continues, there has been a small increase in enquiries from speculative developers, indicating that the rate of decline could slow in the near future. However, there is concern that Public Sector work, Defence spending in particular, has been reduced in the Public Sector Spending Review, the impact of which will be determined more fully in the coming months.

Poor consumer confidence, falls in house prices and lack of available credit continue to hamper recovery. However, a series of government projects are on hold awaiting internal funding reviews. Following these reviews a re-focusing of spending could see a small increase in Government Contract awards.

Tender prices are almost static, indicating that the market is close to the bottom of the downturn. It is unclear for how long the market will remain at this point in the cycle, however a small increase in tender prices is forecast for the coming year.

EMEA CONSTRUCTION COST RELATIVITIES

LONDON	137
BRISTOL	113
BIRMINGHAM	108
MANCHESTER	107
DUBAI	94



Zayed National Museum, Abu Dhabi

Client:
TDIC

Architect:
Foster + Partners

MARKET INTELLIGENCE EMEA

LONDON

Government GDP figures indicate a 4% growth in construction output in the third quarter of 2010, which followed on from solid expansion in the second quarter. This is an encouraging sign that the industry may be nearing the end of the recessionary cycle and moving into a growth phase.

Whilst a number of markets remain subdued in London, we have seen strong signs of activity in the commercial and residential sectors.

Major developers are moving back into the commercial market, geared to deliver completed products in the first half of 2012. This co-incides with significant lease-breaks and completions in this period and has created a current activity hotspot, stimulated by a shortage of good quality available space, especially in the West End.

There have also been early signs of a recovery in the residential sector in London, in particular luxury West End property, which has been led by a wave of foreign investment. Major residential house builders are also showing signs of starting to develop sites again in London. However, growth continues to be hampered by a lack of available finance and nervousness over the economy.

There is real concern over the short and long-term effects on the industry of the Government's cuts in public sector work. Public sector workload has burgeoned in London over the last few years and significant reduction in this area is likely to be a major factor constraining any sustainable recovery.

With this in mind, Rider Levett Bucknall forecast that London tender price levels will remain depressed during 2011, rising between 0.0% and 1.5%, fuelled mainly by materials price inflation.

MANCHESTER

The North West of England has followed the trend across the rest of the UK over the past twelve months in terms of market conditions within the construction industry. Uncertainty pervades both the public and private sectors of the industry, mainly due to reduced access to finance and concerns about the state of the economy.

The impact of the Government's Comprehensive Spending Review in relation to affordable housing indicates that the decline in this sector appears set to continue.

The city-centre apartment and office markets have been saturated for some time now and the weakness in these sectors looks set to continue into the immediate future.

The quantity of vacant retail units, both in town centres and out of town, indicates that the tough conditions prevailing in this sector are likely to continue. However, food retail does appear to be stronger, with Waitrose, the Co-Op, Tesco, Asda, Sainsbury's and Morrison's, all increasing their portfolio in the North-West.

The infrastructure sector is predicted to see the greatest growth in the region. Projects such as the proposed Mersey Crossing, Manchester Metrolink extension and a number of projects at Sellafield will all contribute to this growth.

The immediate outlook for the North West Construction Industry foresees little growth, and looking further into the future, through 2011 and beyond, output is expected to increase at an annual average rate of just 0.1%. Construction employment within the region is predicted to increase by 1.5% from 2010 to 2014, but overall will be 20% less than 2008 levels.

MARKET INTELLIGENCE EMEA

UNITED ARAB EMIRATES

It will be the non-hydrocarbon sector that will drive real growth in the UAE for the next few years, as it is reported that trade between the UAE and rest of the world surged 18% in the first half of 2010. This was AED279.9 billion compared to AED237.6 billion over the same period of 2009, a record rise providing positive indication of a recovery and clearly showing that the UAE will remain a major business hub for traders and investors across the world.

Consumer confidence in the UAE stabilised during the second quarter of 2010, with 43% of surveyed respondents indicating positive expectations. Inflationary pressures are edging upwards as the authorities remain committed to a permissive fiscal stance. Abu Dhabi is expected to post a budget deficit of AED84.9 billion for 2010, reduced from AED126.5 billion in 2009.

The UAE Government Authorities have stated that it is the success of the Government's strategy of nurturing an open economy, promoting a free market and guaranteeing fair competition that has allowed the UAE economy to remain one of the top economies of the Middle East. These strategies and policies have contributed towards increasing global confidence in the UAE's economy and succeeded in attracting large foreign direct investments. Some of the advantages that the UAE possesses, such as stability, advanced economic laws and the presence of numerous free trade areas, as well as the implementation of a clear strategy for growth and development for the next few years, will guarantee the UAE's investment attractiveness globally.

In property markets, there is still a considerable oversupply of residential units in Dubai and it is expected that this will peak in 2012 with a vacancy level of up to 28%. Villa rents fell in 2010 by 4.4%, while apartment rents in areas such as Dubai Marina, Palm Jumeirah, Discovery Gardens, and Downtown Burj Khalifa fell 5.8% in the second quarter of 2010 alone. In Abu Dhabi however, an overall under-supply situation continues to exist, particularly in the lower to mid-market segments, but interestingly, average rentals continue to decline quarter on quarter. Rents peaked at unrealistic levels in 2008 and have subsequently declined significantly.

Commercial office space is set to virtually double in Dubai and Abu Dhabi in the next 2 to 4 years. New commercial properties coming onto the market will fill the market with higher quality office space, thereby driving the office rents and making both cities more attractive centres for business. The Government now needs to introduce stimulus initiatives to leverage the improved affordability and to encourage the growth of industries that will diversify the local economies and fill the expanding vacancies over time.

Developers in the UAE are expecting a more promising 2011 and beyond. Over the last 18 months, firms have moved into new markets, switched focus from private to public sector schemes and formed new alliances in a bid to secure work in an increasingly competitive market. This trend is expected to continue in the short term with the UAE Government's drive to stimulate the economy by spending heavily on infrastructure projects, particularly in Abu Dhabi.

MARKET INTELLIGENCE OCEANIA

ADELAIDE

As the BER projects have rolled through to their conclusion, an anticipated, but slight, 3rd Quarter fall of 2.4% in construction work done has been felt most keenly by the smaller contractors and sub-contractors. Some major projects upcoming in 2011 should drive the market forward, albeit at a lesser pace, and providing sufficient work load for the major contractors. However, current competitive tendering conditions are likely to persist potentially to the end of quarter 2, perpetuating the difficult climate particularly for the small to medium sized firms searching for available work.

The stagnant residential sector in South Australia saw a slight improvement of 3.5 % in work done in quarter 3 compared to quarter 2, however an overall 0.8 % improvement in quarterly year on year figures depicts little real growth in this sector.

The total value of work done in the non- residential sector decreased 5.7% quarter on quarter, due in part to the fall in public spending, although projects such as the Tower Eight office building, Adelaide Airport Landside Infrastructure Project, Defence's ELF Stage 2 projects, and Rundle Place office / retail project will continue to provide support. Further, the new Royal Adelaide Hospital, the Adelaide Convention Centre and the Adelaide Oval project will come on line in late 2011.

However, in overview, ABS figures for value of work approved but not yet commenced, particularly a major fall in approved non-residential work, are indicative of what may prove to be a tentative start to 2011.

BRISBANE

All commentary on Brisbane's construction market is overshadowed by the enormous human tragedy and damage caused by the recent Queensland flooding. As recovery commences, the housing sector in particular will have to bear the burden of repairing or replacing the many homes lost or severely damaged. Re-distribution of general labour to the housing sector will, to some extent, affect the commercial building sector, and potentially will exert pressure on the supply of skilled tradesmen, particularly in the finishing trades, towards the middle of the year, when the re-building spend will be nearing its height.

Prior to the flooding, overall building construction activity levels in Queensland had fallen some 10% from the peak levels of 2008, activity in the residential sector being some 18% below the level of 2009. Tourism-dependent Regional centres such as the Gold Coast, the Sunshine Coast and Cairns had been hardest hit by the GFC and the strength of the Australian dollar, and it had been expected that construction activity levels would continue to fall in 2011 as the Government stimulus work completed.

However, there has been a modicum of good news for Queensland, with Gladstone LNG's \$16bn investment in Queensland's liquid natural gas (LNG) industry, welcomed by Premier Anna Bligh as a major contribution to the State's recovery.

A number of major residential towers proposed for inner Brisbane, and significant retail projects, were expected to commence progressively in 2011. If these still go ahead this year, they will replace the falling-away of Government BER spending, but will compete for resources with housing, commercial and infrastructure re-instatement works.

OCEANIA CONSTRUCTION COST RELATIVITIES

DARWIN	135
PERTH	113
SYDNEY	110
ADELAIDE	107
CANBERRA	107
MELBOURNE	107
WELLINGTON	99
AUCKLAND	95
CHRISTCHURCH	93
BRISBANE	90

MARKET INTELLIGENCE OCEANIA

CANBERRA

Construction activity in Canberra maintained its robust trajectory in the second half of 2010, with residential construction continuing to lead. The September quarter saw a seasonally adjusted 19.2% rise in the volume of residential building work done, with strong growth in both housing and apartment construction. However, looking forward, a recent 21.3% decline in apartment approvals and a softening of 13.8% in overall housing approvals, suggests that there may be an easing in demand from the historical highs of March quarter 2010.

Meanwhile, Canberra's non-residential sector recorded a relatively weak performance, with the volume of seasonally adjusted building work done slipping 17.5% in the September quarter. However, a strong surge in the September quarter's non-residential building approval figures suggests that the sector may see a significant rebound in the near future.

Overall, greater funding availability is sparking increased investment from the private sector, evidenced by a 17.9% rise in building activity and an overall 18.8% uplift in building approvals in the September quarter. Meanwhile, levels of building work done in the public sector fell back 22.7% from \$247m in the June quarter to \$191m. Nevertheless, they remain historically high on the back of the steady public investment in capital works projects at both territory and federal government levels.

Skills shortages are evident across all sectors of the industry. However, despite this, contractors' pricing and margins generally remain competitive through the importation of additional resources from Sydney.

There are also indications of a two tier pricing structure pertaining to public versus private sector projects. Private developments tend to receive keener trade prices, possibly attributable to the additional reporting and governance required by public projects.

DARWIN

The Darwin property market is still showing resilience in the face of tightening economic policy. Although more speculative investment decisions are hanging in the balance, organisations with real, identified needs for additional facilities and accommodation are making the most of the tight market to finalise designs and commence construction.

The NT Government is assisting by providing funds for major infrastructure and housing programs, including the SIHIP (Strategic Indigenous Housing and Infrastructure Program), which is making real gains in regional and remote NT areas. Expressions of Interest have recently closed for two major PPPs (Private Public Partnerships), provision of a new Prison and Mental Health Facility and also a new MSB (Marine Supply Base) to service the growing offshore gas industry. INPEX is still on track to finalise its major investment decision by the end of the year for a major LNG infrastructure and facilities program in Darwin.

Other organisations such as Defence, Defence Housing, Charles Darwin University and Darwin International Airport Corporation, have also embarked on significant construction programs. The Land Development Corporation has commenced a major release of land, for mostly industrial purposes, close to the major rail and port transport corridor. Further, there is renewed interest for medium-density low rise residential projects, although multi-storey high-end residential projects are still struggling for sales and to meet stringent financial requirements.

2010 tender price increases are still forecast to be confirmed at 4%, with potential for 5% in 2011 and 2012 as the pace picks up again.

MARKET INTELLIGENCE OCEANIA

MELBOURNE

The Melbourne construction market continues to exhibit strengthening conditions as signs emerge that the next 12 months will see an influx of major projects to the marketplace. However, although optimism pervades the industry, the total value of building work done slipped 2.2% in the September quarter after the strong results recorded in June. This fall suggests workload remains soft overall, with private work done down 2.4% for the September quarter and developers and financiers pensive about bringing projects to market in a risky economic climate.

Melbourne's residential construction sector may have felt the effect of interest rate hikes and ongoing speculation that a bubble exists within the Australian property market. However, the value of residential building approvals jumped 12.3% for the September quarter to \$3.95billion, with substantial growth in apartment construction of 24.1%.

In the non-residential sector, the value of building work done was slightly down for the September quarter. This suggests that a lag remains between the BER government stimulated projects that have all but washed through the market, and any uptake of private non-residential. However, huge increases in the value of approvals across the private non-residential sector, including 41.3% for retail, 20.9% for offices and 46.5% for industrial construction indicate that there should be a significant number of larger projects touching down in the first half of 2011.

Currently, the Melbourne market is experiencing some upward pressure on Tender Prices, due to the prospect of increased upcoming workload and rising direct costs flowing from the negotiation of the new EBA.

PERTH

Although general economic conditions in Perth remain favourable, benefit experienced from the Federal Government stimulus package is now on the decline, with projects generally well advanced and progressing to completion. Construction activity is therefore significantly lower than levels previously seen during 2007 - 2009, and the relatively small numbers of new projects that do come to the market are keenly tendered, with low pricing and depleted margins.

During the last quarter house prices declined steadily, alongside the number of new housing starts. The total number of dwelling units approved in September fell 2.9%. This was most likely exacerbated by the removal of government assistance to first-time buyers.

Non-residential construction remains subdued. However, there are signs of a renewed interest in the commercial office sector, specifically as surplus office space is being taken up by the resilient resources sector. New projects will have to achieve the required pre-commitment levels needed to bring plans to fruition, set against the alternative, less costly option of refurbishing existing stock.

Changes to State Government restrictions on permitted retail area have created the potential for some centres to now consider expansion. This is expected to result in the expansion of a number of substantial retail centres. The industrial sector remains quite strong but severely restricted in the availability of appropriately located sites offering reasonable road and rail access.

The State Government is continuing with its programme for a number of major projects in health, education and civil infrastructure and these are expected to be hard-fought in the current competitive tender market.

MARKET INTELLIGENCE OCEANIA

SYDNEY

On site construction activity in New South Wales has begun to diminish as the Federal Government stimulus package works come to completion.

Value of approvals in the 3rd Quarter of 2010 recorded a 1.8% fall in the residential sector and a 12.6 % decline in non-residential projects, compared to the previous quarter. These falls in the values of development approvals are reflective of concerns regarding the ability of the private sector to provide replacement works required in the wake of the completion of federally funded works. Problems of replacement workload are exacerbated by financing difficulties attributable to the new standards and requirements of funding entities.

As contractors assess future workload, tender opportunities in all sectors remains competitive. Contractors are continuing to absorb material and labour price increases via margin reductions in an effort to attain a tender price advantage over competitors.

As previously reported in the Oceania Report, a feature of this competitive tender market is the wide variability in prices received from tendering contractors. Recent reported tender results, across all sectors of the industry, have not diminished this trend, with some exhibiting as much as 20% variance.

It is anticipated that tender market conditions in the first quarter of 2011 will remain at the highly competitive levels that have been experienced throughout 2010. Major projects in particular, will be keenly sought-after in order to secure work to replace projects reaching completion in late 2010 and early 2011.

AUCKLAND

Auckland's market remains weak, with low levels of business confidence, low demand and a shortage of viable development financing, all of which has muted most building activity.

Activity in the non-residential sector is at its lowest since 2004. Although there are a few large office developments planned, only one at this stage is confirmed as proceeding.

Civil and infrastructure projects including, road, rail, health and custodial projects continue to underpin an anaemic market, but falling building consents throughout 2010 indicates that this low level of activity will continue into 2011.

There is, however, modest growth in the residential sector. Building costs have remained competitive and stable despite materials price increases, which at this stage do not appear to be passing on from subcontractors operating in a highly competitive market.

The Canterbury earthquake is not expected to have a significant effect on the local Auckland market. Overall, commercial activity is forecast to remain low in 2011; it appears likely to be another tough year for most contractors and suppliers.

MARKET INTELLIGENCE OCEANIA

CHRISTCHURCH

The construction industry in 2009 and early 2010 sat at a low point in the growth cycle. There were few prospects and the local industry was mainly being sustained by large ongoing projects such as the Christchurch Civic Building, Airport Redevelopment and AMI Stadium improvements. These projects were at or nearing completion when the major earthquake hit on September 4th 2010. As a result, certain sectors of the industry have become very busy in the short term, with repair and stabilisation work, whilst in the medium to long term it is anticipated that there will be a large volume of rebuilding work required.

The residential construction sector had been very quiet since 2009, when house prices dropped. However with prices recently stabilising, and as the Earthquake Commission and insurers complete their assessments and approvals are given to commence reconstruction and repair work, demand is expected to increase in the first half of 2011.

Non-residential construction activity in 2009 and 2010 had been constrained, and without the prospect of post earthquake rebuilding work, the outlook had not been expected to be positive for the new year. However, commercial construction activity is now anticipated to increase significantly in early 2011.

The immediate aftermath of the earthquake has been focused on stabilisation and/or demolition of damaged buildings. Early design work is also underway for rebuilding on some newly vacant city sites. Repair work on damaged commercial buildings is expected to be fully underway throughout the year, following the finalisation of insurance claims and the design and consent processes for rebuilding. In addition to the reconstruction work there are still a number of projects in early concept design stage that will considerably add to construction activity if they are approved to progress further.

WELLINGTON

Wellington's construction market continues in a subdued manner. Little has changed in current tendering conditions and an uncertain outlook remains prevalent in respect of the viability of future projects. Non-residential construction projects are particularly competitively tendered in a very tight market, resulting in intense pressure to keep margins trimmed. The result is that we are currently experiencing the lowest margin levels seen for a number of years.

Whilst prices are still keen, the residential sector is seeing some movement, with Architects reporting more activity for additions and alterations. However, apartment construction in Wellington has diminished considerably, and previously proposed developments are still awaiting buyers and therefore viable funding.

Civil infrastructure projects, such as the Victoria and Terrace tunnel widening project and the Wellington-Levin motorway project are well into the planning stages. These are likely to fill some order books and stimulate the local construction market over the coming period.

Overall, there is unlikely to be much movement in pricing through 2011, but prospects should improve by 2012.

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. Figures are based on cost per square metre of gross floor area.

		OFFICES				RETAIL				HOTELS			
		PREMIUM		GRADE A		MALL		STRIP SHOPS		5 STAR		3 STAR	
LOCATION		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ASIA													
BANGKOK	THB ('000)	30	38	28	30	25	30	20	25	55	68	38	42
BEIJING	CNY	6,500	9,600	6,000	9,200	7,200	11,000	5,600	7,200	11,100	14,300	8,100	10,400
GUANGZHOU	CNY	6,350	9,400	5,800	8,800	7,050	10,300	5,200	6,700	10,800	13,800	8,000	9,900
HO CHI MINH CITY	VND ('000)	18,150	22,700	16,500	19,700	14,650	19,700	13,000	16,500	23,600	28,900	18,100	23,400
HONG KONG	HKD	14,400	20,500	13,000	17,500	15,400	19,500	11,700	14,500	23,200	28,300	18,700	21,600
JAKARTA	IDR ('000)	9,000	11,400	6,500	9,000	6,000	7,800	NA	NA	12,000	15,200	9,300	11,500
KUALA LUMPUR	MYR	2,000	3,500	1,700	2,700	1,600	3,000	1,100	1,700	3,800	5,000	2,000	2,800
MACAU	MOP	11,800	16,200	10,500	14,600	12,900	15,900	NA	NA	19,100	23,100	15,200	18,000
MANILA	PHP	37,530	49,670	29,800	37,530	26,490	36,425	20,970	27,595	57,395	71,745	46,360	54,085
SEOUL	KRW ('000)	1,950	2,360	1,460	1,790	1,110	1,350	780	940	2,620	3,200	1,490	1,840
SHANGHAI	CNY	6,500	9,500	6,000	9,100	7,200	11,000	5,600	7,200	11,000	14,400	8,100	10,400
SHENZHEN	CNY	6,100	9,200	5,700	8,700	6,700	9,900	5,100	6,600	10,600	13,500	7,800	9,700
SINGAPORE	SGD	1,850	3,850	1,750	2,850	1,950	3,050	NA	NA	3,000	4,250	2,350	2,750
TOKYO	JPY ('000)	249	329	219	249	93	204	93	188	378	501	281	455
EMEA													
BIRMINGHAM	GBP	1,750	2,300	1,385	1,850	2,500	3,850	650	850	1,750	2,350	1,250	1,750
BRISTOL	GBP	1,850	2,300	1,350	1,850	2,750	3,250	750	950	1,900	2,700	1,350	2,000
ABU DHABI	AED	6,700	8,000	5,700	6,900	4,700	6,200	3,000	4,000	8,750	10,250	5,700	7,000
DUBAI	AED	6,500	7,800	5,500	6,700	4,500	6,000	3,000	4,000	8,500	10,000	5,500	6,800
LONDON	GBP	2,160	2,800	1,675	2,165	2,980	4,640	775	1,035	2,165	2,800	1,490	2,080
MANCHESTER	GBP	1,825	2,320	1,380	1,825	2,495	3,875	665	840	1,825	2,320	1,245	1,735
OCEANIA													
ADELAIDE	AUD	2,500	3,750	2,200	3,100	1,550	2,950	1,300	1,750	3,400	4,300	2,600	3,300
AUCKLAND	NZD	2,750	3,100	2,500	3,040	1,020	1,750	790	1,265	3,400	4,170	2,090	2,480
BRISBANE	AUD	2,500	3,850	2,000	3,000	2,150	2,950	1,050	1,550	3,200	4,300	2,500	3,600
CANBERRA	AUD	2,950	3,830	2,390	3,010	1,970	2,800	1,030	1,730	3,630	4,250	2,640	3,680
CHRISTCHURCH	NZD	2,795	3,100	2,565	3,010	940	1,400	665	1,285	3,490	4,230	2,200	2,675
DARWIN	AUD	2,695	3,910	2,180	3,505	1,410	2,200	915	1,705	2,975	4,085	1,785	2,760
MELBOURNE	AUD	2,950	3,700	2,300	2,850	2,000	2,950	1,050	1,550	3,700	4,200	2,850	3,350
PERTH	AUD	3,180	4,780	2,605	3,745	2,010	2,885	1,030	1,780	3,730	4,580	2,740	3,785
SYDNEY	AUD	2,850	3,950	2,150	2,950	1,550	3,200	1,240	1,550	3,650	4,550	2,550	3,050
WELLINGTON	NZD	2,700	3,000	2,100	2,400	1,000	1,500	800	1,200	3,400	4,100	2,200	2,600
USA													
BOSTON	USD	2,155	3,015	1,885	2,635	1,075	1,940	970	1,560	2,260	3,765	1,615	2,370
DENVER	USD	1,505	2,420	1,075	1,615	860	1,400	700	1,345	1,990	3,015	1,130	1,775
HONOLULU	USD	2,155	4,035	1,775	3,015	1,505	3,605	1,240	3,285	3,985	5,815	2,420	4,145
LAS VEGAS	USD	1,720	3,070	1,240	1,990	1,240	2,205	700	1,560	2,475	4,950	1,505	2,420
LOS ANGELES	USD	1,940	3,015	1,290	2,100	1,185	2,100	970	1,505	2,690	3,985	1,830	2,635
PHOENIX	USD	1,290	2,370	970	1,940	970	1,720	805	1,455	2,155	3,765	1,290	1,940
PORTLAND	USD	1,775	2,100	1,240	1,615	1,290	2,100	1,240	1,670	1,885	2,850	1,290	1,830
SAN FRANCISCO	USD	2,100	3,230	1,505	2,370	1,240	2,370	1,185	1,775	2,745	4,035	2,045	2,800
SEATTLE	USD	1,240	1,885	1,185	1,505	805	1,505	755	1,290	1,990	2,800	1,505	1,940
NEW YORK	USD	2,205	3,120	1,775	2,475	NA	NA	1,240	1,720	3,445	4,790	1,990	2,850
WASHINGTON DC	USD	1,885	2,585	1,400	1,990	NA	NA	805	1,455	2,045	3,070	1,400	1,990

NA: Not Available

MARKET DATA

LOCATION		CAR PARKING				INDUSTRIAL				RESIDENTIAL MULTI-STOREY			
		MULTI STOREY		BASEMENT		FACTORY		WAREHOUSE		INVESTMENT		OWNER OCCUPIED	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ASIA													
BANGKOK	THB ('000)	10	13	15	18	14	19	13	18	28	38	30	38
BEIJING	CNY	1,950	2,600	3,050	5,500	2,200	3,100	2,450	3,600	3,050	3,600	3,550	5,050
GUANGZHOU	CNY	1,800	2,550	3,150	5,550	1,900	2,850	2,400	3,650	2,950	3,350	3,350	4,850
HO CHI MINH CITY	VND ('000)	6,900	10,300	13,900	19,000	6,900	8,700	6,900	8,700	12,000	14,500	12,500	18,000
HONG KONG	HKD	5,900	6,900	9,600	13,700	6,600	7,500	7,100	8,700	10,400	12,700	12,600	16,300
JAKARTA	IDR ('000)	2,700	3,810	3,500	5,100	4,200	5,300	3,700	4,800	5,500	7,000	7,000	9,000
KUALA LUMPUR	MYR	700	1,000	1,100	1,600	950	1,500	950	1,400	1,200	2,200	1,500	2,950
MACAU	MOP	NA	NA	5,700	7,700	NA	NA	NA	NA	7,200	9,300	8,400	13,200
MANILA	PHP	14,350	19,870	15,455	23,180	17,660	26,490	17,660	24,285	36,425	46,360	28,700	49,670
SEOUL	KRW ('000)	540	680	710	890	780	940	690	850	940	1,140	1,240	1,520
SHANGHAI	CNY	2,000	2,650	3,500	5,800	2,100	2,950	2,500	3,750	3,200	3,700	3,700	5,100
SHENZHEN	CNY	1,850	2,450	3,050	5,400	2,050	2,750	2,350	3,550	2,850	3,250	3,250	4,600
SINGAPORE	SGD	600	1,200	1,300	1,950	1,000	1,450	900	1,450	1,850	2,400	2,250	3,850
TOKYO	JPY ('000)	94	125	249	314	94	180	94	161	200	242	224	276
EMEA													
BIRMINGHAM	GBP	315	450	670	800	320	500	320	500	950	1,400	1,350	1,850
BRISTOL	GBP	350	450	700	900	340	500	350	500	1,100	1,500	1,500	1,850
ABU DHABI	AED	NA	NA	NA	NA	2,700	4,000	NA	NA	4,500	5,600	5,600	7,800
DUBAI	AED	2,200	2,700	2,700	3,200	2,700	4,000	NA	NA	4,300	5,400	5,400	7,600
LONDON	GBP	360	450	810	1,000	355	550	360	500	1,225	1,690	1,675	2,165
MANCHESTER	GBP	315	400	665	780	315	445	315	445	845	1,380	1,380	1,825
OCEANIA													
ADELAIDE	AUD	625	1,050	1,100	1,400	600	1,100	600	1,100	2,150	2,850	2,350	3,050
AUCKLAND	NZD	640	965	1,015	1,410	440	825	490	775	2,440	2,900	2,440	3,560
BRISBANE	AUD	600	800	1,100	1,700	600	1,000	600	1,000	2,200	2,600	2,300	2,650
CANBERRA	AUD	670	930	900	1,250	620	970	620	970	2,490	3,010	2,700	3,210
CHRISTCHURCH	NZD	655	970	685	1,395	500	755	390	650	2,500	3,915	2,565	3,105
DARWIN	AUD	535	1,050	685	1,395	680	1,200	680	1,200	1,730	2,115	1,985	2,300
MELBOURNE	AUD	650	1,050	1,100	1,350	550	1,100	550	1,100	2,200	2,850	2,500	3,200
PERTH	AUD	685	1,125	990	1,455	635	1,030	635	1,030	2,285	2,885	2,730	3,280
SYDNEY	AUD	550	900	900	1,400	600	850	600	850	2,300	2,580	2,450	2,950
WELLINGTON	NZD	600	1,000	1,100	1,300	600	900	620	900	2,500	3,000	2,500	3,000
USA													
BOSTON	USD	645	860	805	1,075	915	1,240	755	1,075	1,455	2,155	1,775	2,690
DENVER	USD	430	755	645	970	590	1,025	645	970	700	1,720	645	1,990
HONOLULU	USD	645	1,025	970	1,940	1,185	1,830	1,025	1,670	1,420	3,390	2,100	5,920
LAS VEGAS	USD	540	915	645	1,615	700	1,025	540	970	755	2,155	970	2,585
LOS ANGELES	USD	645	1,025	915	1,345	915	1,290	755	1,025	1,455	2,315	1,290	2,800
PHOENIX	USD	485	645	700	860	755	1,075	590	915	805	1,885	970	3,500
PORTLAND	USD	755	1,025	915	1,345	1,130	1,505	860	1,185	1,185	2,045	1,345	2,100
SAN FRANCISCO	USD	755	1,075	970	1,455	1,025	1,455	860	1,130	1,505	2,475	1,505	3,015
SEATTLE	USD	755	915	1,240	1,505	755	1,025	590	860	1,290	2,530	1,075	2,850
NEW YORK	USD	700	1,130	860	1,240	NA	NA	1,025	1,560	1,505	2,260	NA	NA
WASHINGTON DC	USD	590	860	700	1,075	NA	NA	755	915	860	1,775	1,290	2,155

MARKET DATA

LOCATION	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
ASIA							
BANGKOK	▲	▲	▲	▲	▲	▼	▲
BEIJING	▲	▲	▲	▲	▲	▲	▲
GUANGZHOU	▲	▲	▲	▲	▲	▲	▲
HO CHI MINH CITY	▲	▲	▲	▲	▲	▲	▲
HONG KONG	▲	▲	▲	▲	▲	▲	▲
JAKARTA	▲	▲	▲	▲	▲	▲	▲
KUALA LUMPUR	▲	▲	▲	▼	▲	▼	▲
MACAU	▲	▲	▲	▲	▲	▲	▲
MANILA	▲	▲	▲	▼	▲	▼	▲
SEOUL	▼	▼	▼	▼	▼	▼	▲
SHANGHAI	▲	▲	▲	▲	▲	▲	▼
SHENZHEN	▲	▲	▲	▲	▲	▲	▲
SINGAPORE	▲	▲	▲	▲	▲	▼	▲
TOKYO	▲	▲	▲	▲	▼	▲	▼
EMEA							
BIRMINGHAM	▲	▼	▲	▲	▲	▼	▼
BRISTOL	▼	▲	▼	▼	▲	▼	▼
ABU DHABI	▼	▼	▼	NA	▼	▼	▲
DUBAI	▼	▼	▼	NA	▼	▼	▼
LONDON	▲	▲	▲	▼	▲	▼	▼
MANCHESTER	▲	▼	▼	▼	▲	▲	▲
OCEANIA							
ADELAIDE	▼	▲	▲	▼	▲	▼	▲
AUCKLAND	▲	▼	▲	▼	▲	▲	▲
BRISBANE	▼	▲	▼	▼	▲	▲	▼
CANBERRA	▲	▲	▼	▼	▼	▼	▲
CHRISTCHURCH	▲	▲	▲	▲	▲	▲	▲
DARWIN	▲	▲	▼	▲	▼	▲	▲
MELBOURNE	▲	▲	▲	▼	▲	▼	▲
PERTH	▲	▼	▼	▼	▲	▲	▲
SYDNEY	▼	▲	▼	▼	▲	▼	▼
WELLINGTON	▲	▼	▼	▼	▲	▼	▲
USA							
BOSTON	▼	▲	▼	▼	▼	▼	▼
DENVER	▼	▼	▼	▼	▼	▼	▲
HONOLULU	▼	▼	▼	▲	▲	▲	▲
LAS VEGAS	▼	▼	▼	▼	▼	▼	▲
LOS ANGELES	▼	▼	▼	▲	▲	▼	▲
PHOENIX	▼	▼	▼	▼	▼	▼	▲
PORTLAND	▼	▼	▼	▲	▼	▼	▲
SAN FRANCISCO	▼	▼	▲	▲	▲	▼	▲
SEATTLE	▼	▼	▼	▲	▼	▼	▲

NA: Not Available

CONSTRUCTION MARKET ACTIVITY CYCLE MODEL

The Construction Market Activity Cycle Model depicts levels of construction activity within the respective market sectors in each city. The aim of this form of analysis is to provide an overview of the relative performance of each city in the context of its own economy.

Each city has its own industry business cycle and as such cities' cycles are not strictly directly comparable with each other. As the amplitude and frequency of the cycle(s) are not expressed in the key chart facing, there is no direct parameter of extent of the cycle or of its time period.

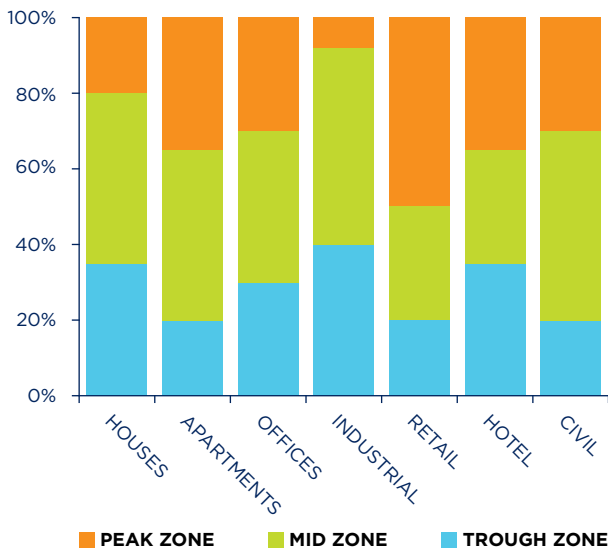
However, notwithstanding the above limitations, the summary charts on page 21 collate the returns from the offices in each Region to provide a reasonable analysis of overall market conditions in that Region. For further and more detailed analysis, please contact the Rider Levett Bucknall office in the relevant location. Full addresses and contact details are provided on page 23 of this Report.

MARKET DATA

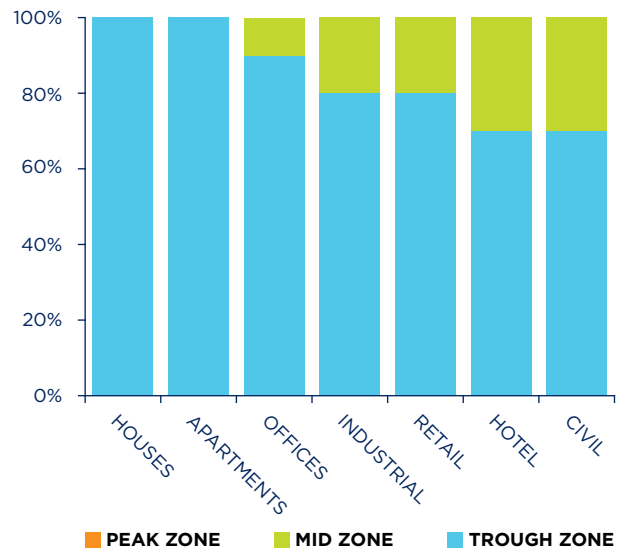
CONSTRUCTION MARKET ACTIVITY CYCLE MODEL



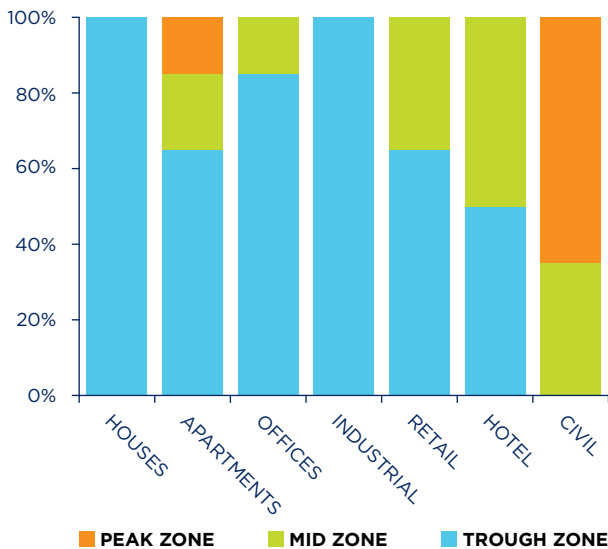
CONSTRUCTION SECTOR BAROMETER - ASIA



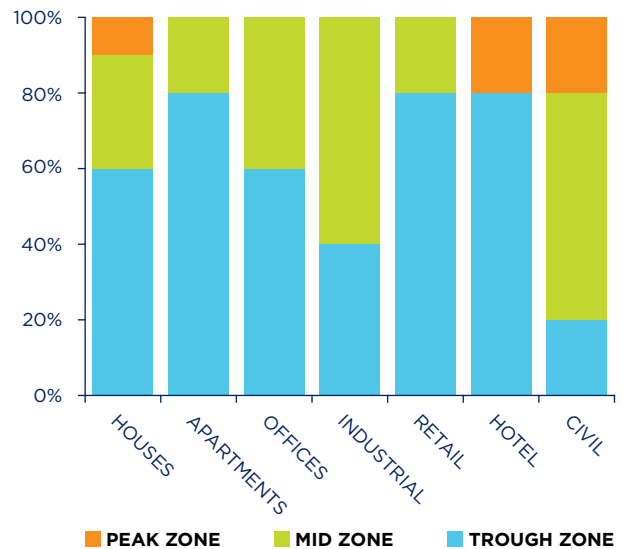
CONSTRUCTION SECTOR BAROMETER - AMERICAS



CONSTRUCTION SECTOR BAROMETER - EMEA



CONSTRUCTION SECTOR BAROMETER - OCEANIA



MARKET DATA

INTERNATIONAL CONSTRUCTION COST RELATIVITIES

The International Construction Cost Relativities table depicts relative cost differentials between cities around the world. Model buildings are priced regularly by Rider Levett Bucknall staff in each location and the changes in pricing are then compared with the previous pricing level and the indexation updated accordingly.

The basis of this analysis was a calculated relative cost ranking derived from priced buildings modelling, exchange rates analysis and Purchasing Power Parity modelling.

INTERNATIONAL CONSTRUCTION COST RELATIVITIES	
CITY	JAN-11
NEW YORK	150
LONDON	137
DARWIN	135
SAN FRANCISCO	134
HONOLULU	131
BOSTON	131
LOS ANGELES	122
PERTH	113
BRISTOL	113
HONG KONG	112
SYDNEY	110
BIRMINGHAM	108
MANCHESTER	107
ADELAIDE	107
CANBERRA	107
MELBOURNE	107
SEATTLE	104
WELLINGTON	99
SINGAPORE	96
MACAU	95
AUCKLAND	95
PORTLAND	95
DUBAI	94
CHRISTCHURCH	93
LAS VEGAS	92
BRISBANE	90
DENVER	90
PHOENIX	90
BEIJING	83
SHANGHAI	79
SHENZHEN	74
GUANGZHOU	72

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