

A photograph of a modern, curved glass skyscraper at dusk. The building's facade is highly reflective, mirroring the deep blue and purple tones of the twilight sky. The building's architecture features sweeping, curved lines and a prominent glass curtain wall. In the foreground, a multi-level parking structure with a walkway and stairs is visible, illuminated by warm streetlights. The overall scene conveys a sense of modernity and architectural elegance.

FOURTH QUARTER 2018

# INTERNATIONAL REPORT

CONSTRUCTION  
MARKET INTELLIGENCE

# INDEPENDENT CONSULTANTS, LOCAL KNOWLEDGE AND EXPERTISE, GLOBAL NETWORK

The strength of Rider Levett Bucknall (RLB), the largest independent and most geographically prevalent construction cost consultancy of its kind in the world, is that it has the foremost construction intelligence available to it.

RLB collects and collates current construction data and forecast trends on a global, regional, country, city and sector basis. The RLB International Report, published half-yearly, provides a snapshot of construction market intelligence provided by the RLB network of offices around the globe.

Each RLB office contributes to the global intelligence by providing current insights into the local conditions and trends that impact the construction industry within that region. Information that is gathered and disseminated by each local office includes:

- Forecast Tender Price Index
- RLB Construction Market Activity Cycle
- Key building type cost ranges in local currencies

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## TENDER PRICE INDEX

RLB's Tender Price Index (TPI) showcases the historical and forecast movements in construction cost inflation/escalation on an annual basis. The TPI annual rate represents an overall forecast of the movement of construction costs for the industry as a whole within the key cities of RLB's network.

## RLB MARKET ACTIVITY CYCLE

The RLB Market Activity Cycle focusses on seven key sectors within the overall construction economy. Local RLB directors assess the current position of each sector within the market activity cycle for each respective city.

## BUILDING COST

RLB's Building Cost ranges highlighted within each regional intelligence page are based on actual project construction costs within each region. Building costs are provided in local currencies (the exceptions being Oslo and Moscow, whose building costs are expressed in Euros).

## RELATIVITY INDEX

Using TPI data and cost modelling, RLB provides a general cost comparison for building costs between locations. The Relativity Index ranks each city in respect of other locations within the RLB network of offices. Currently forty nine are included in the index.

## CONSTRUCTION MARKET INTELLIGENCE

A summary of Construction Market Intelligence is provided by each region highlighting the issues that are impacting the construction industry and providing key insights into current construction price movements.

## KEY GLOBAL DATA

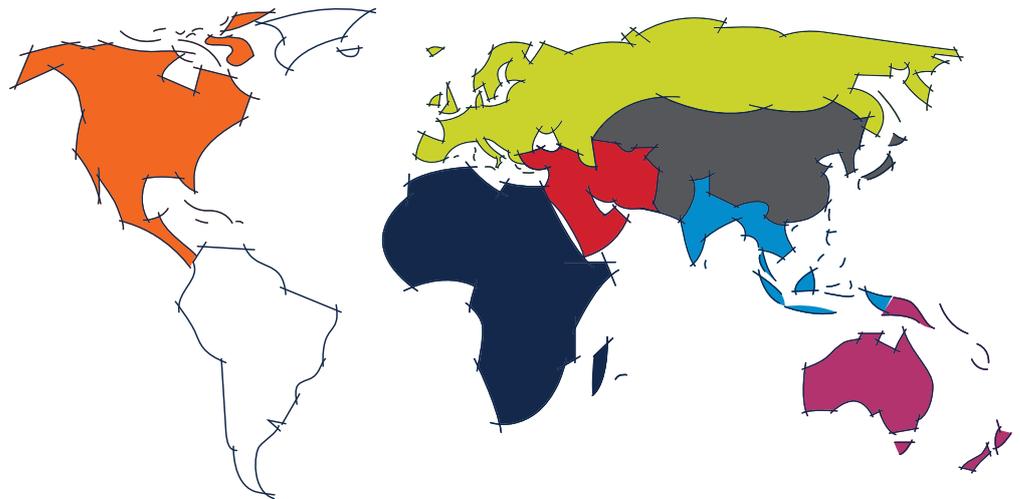
Key country and regional economic data is summarised within the Key Global Data tables describing the historical and projected economic conditions, within which the construction industry functions.

RLB publishes key industry intelligence publications throughout each year. For more detailed sector, city, country and regional information that is published by RLB, please review our regional or country specific publications which can be found within the publications section of [RLB.com](http://RLB.com).

Cover: Discovery Head Office, Sandton, Johannesburg, South Africa  
Architects: Boogertman & Partners

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Each coloured region represents a section within the **Regional Intelligence** pages of this report

Icone Tower, Bonifacio Global City, Taguig, Philippines

Architect: Henning Larsen Architects



Urbanisation, globalisation, and technology — three megatrends that are currently shaping the global construction industry. Urbanisation in developing countries, and continuing urbanisation in advanced economies, will be the biggest driver of global infrastructure spending over the next few decades. According to the United Nations, currently over half of the world's population live in urban areas, more than 80% of global GDP is generated within cities and expectations are for the urban population to be 68% by 2050.

Although infrastructure creation and maintenance is essential within an economy to sustain the growing demands of urbanisation, it is unequivocally critical within the global environment.

The tangible effects of globalisation can be seen as it changes the property and construction industry. The world of design, procurement, manufacture, and construction is changing to make the delivery of projects more efficient, safer, faster, and more client focused. The procurement time lag is continuously shrinking due to the technology advancements of the global supply chain that have evolved over the past decades and are continuing to evolve. With advances in technology, traditional construction methodologies are changing, but labour is still the key component globally to the process of building.

Labour shortages have been highlighted as a growing concern for RLB offices. As construction work in developed countries grows, the need to engage, train and retain skilled workers within the industry intensifies. Over the past 20 years, employment trends for the construction industry in these regions illustrate a workforce that is ageing.

Within Australia, New Zealand and the US, the percentage of younger workers, aged 24 and under, has declined, whereas the percentage of workers aged 65 and over has increased. In Great Britain the trend continues, with the percentage of younger workers, aged 16 to 24, declining, while the percentage of workers aged 50 to 64 rose. Canada experienced the most dramatic shift in their construction workforce composition, with the percentage of workers aged 55 and over almost doubling between 1994 and 2017, while the percentage of younger workers, aged 15 to 24, has remained constant over the period.

Government intervention is also causing concerns with uncertainty surrounding the impact of US immigration policies on the US construction workforce and the impact UK's Brexit will have on potential workforce repatriation back to the EU from the UK.

Technology is impacting globalisation through an explosion of information flows, services and know-how. This explosion creates new opportunities for property investment strategies. In fact, the globalisation of real estate is expanding investors' appetites for new markets and asset types, resulting in larger pools of capital on the move. The growth in global real estate investment has been greatly aided by the securitisation of real estate markets, particularly through the massive global growth of real estate investment trusts and listed property trusts.

As globalisation develops and the ease of business increases, the need for comparability between regions is increasing. As such, the globalisation of real estate markets has been seen with the development of more consistent international standards such as the recently adopted International Property Measurement Standards (IPMS) and a general liberalisation of capital markets.

## GLOBAL INTELLIGENCE

# RLB TENDER PRICE INDEX

Construction cost escalation across the globe for 2018 is forecast to be higher than 2017 uplifts according to 64 RLB offices. 52% of RLB's global offices are forecasting Tender Price Index annual increases for 2018 over 2017 levels. Forecasts for 2019 indicate 46% of offices predicting lower TPI annual uplifts from levels forecast for 2018.

Within Southern Africa annual TPI changes are mixed, with Cape Town and Johannesburg forecasting lower rates in 2018 than the previous year, whereas all other cities forecast rises.

Across the Middle East strong activity continues to see Doha's costs rising for 2018. Abu Dhabi is forecasting a rise in construction costs after years of de-escalation.

North Asia is seeing mixed forecasts with construction deflation being anticipated in Hong Kong and Macau for 2018. Mainland China cities are anticipating mixed results with Chengdu and Shenzhen forecasting more than a doubling of the 2017 TPI movement and Beijing and Shanghai construction cost movement being cut by 50%.

Economic optimism is pushing construction prices higher in the Philippines with significant increases from 2017 levels being seen in the key centres for 2018. Singapore is clawing its way back into positive cost escalation territory after experiencing construction cost deflation for 2016 and 2017. Both Jakarta and Kuala Lumpur are forecasting a fall in annual TPI rates for 2018.

Australian cities are split with 56% anticipating higher escalation for 2018 and 33% lower. Demand pressure is seeing Sydney and Melbourne forecasting the highest annual rates for 2018 within the country.

Strong volumes of construction work through 2018 are fuelling construction cost rises in New Zealand, with Auckland anticipating 6% for 2018, although lower than the 2017 result of 8%, forecast escalation is significantly above the annual inflation rate in New Zealand.

North America is predicting higher cost levels in 2018 within the majority of offices. Forecasts for 2019 indicate that North American TPI uplifts will be lower in 2019 than 2018. Chicago, Phoenix and San Francisco are all forecasting annual TPI rates higher than 6% for 2018.

Uncertainty surrounding the impact of Brexit within the United Kingdom is impacting annual TPI rates for 2018. UK regions are predicting lower rates of construction escalation for 2018 (except Bristol) with two centres forecast to experience construction cost deflation during 2018. 2019 forecasts are generally higher than those forecast for 2018 across the country.

It appears that within Ireland and Mainland Europe annual TPI movements are running at two speeds. Budapest and Dublin are running at levels above 7% for 2018 and 2019, whereas most other cities are seeing annual TPI movements for 2018 between 0% and 2%.

	RLB TENDER PRICE ANNUAL % CHANGE - Q4 2018					
	2017	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2022 (F)
<b>AFRICA</b>						
CAPE TOWN	6.2	5.0	5.4	5.7	6.0	NP
DURBAN	6.2	6.3	5.5	5.6	5.8	5.9
GABORONE	3.0	3.1	3.2	3.3	NP	NP
JOHANNESBURG	7.9	4.1	5.1	5.5	5.7	NP
MAPUTO	0.3	0.5	1.0	1.1	NP	NP
PORT LOUIS	4.0	5.0	3.5	3.0	NP	NP
<b>MIDDLE EAST</b>						
ABU DHABI	(3.0)	3.2	2.7	3.7	4.2	3.7
DOHA	6.0	7.0	NP	NP	NP	NP
DUBAI	3.5	3.0	2.5	3.5	4.0	3.5
RIYADH	5.0	5.0	5.0	5.0	5.0	5.0

# GLOBAL INTELLIGENCE

## RLB TENDER PRICE INDEX

	RLB TENDER PRICE ANNUAL % CHANGE - Q4 2018					
	2017	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2022 (F)
<b>NORTH ASIA</b>						
BEIJING	7.7	3.0	4.1	3.0	3.0	2.0
CHENGDU	2.0	6.1	3.0	3.0	3.0	3.0
GUANGZHOU	2.5	2.0	3.0	3.0	3.0	3.0
HONG KONG	0.0	(2.0)	0.0	2.0	2.0	2.0
MACAU	2.0	(2.0)	0.0	2.0	2.0	2.0
SEOUL	2.5	4.4	4.9	4.5	4.1	3.2
SHANGHAI	7.0	3.5	3.5	3.0	3.0	3.0
SHENZHEN	2.0	4.1	4.1	4.1	4.1	4.1
<b>SOUTHEAST ASIA</b>						
CEBU	1.7	7.4	NP	NP	NP	NP
CLARK	1.7	7.4	NP	NP	NP	NP
HO CHI MINH CITY	4.0	4.0	NP	NP	NP	NP
JAKARTA	5.0	1.5	NP	NP	NP	NP
KUALA LUMPUR	2.0	0.0	NP	NP	NP	NP
MANILA	1.7	7.4	NP	NP	NP	NP
SINGAPORE	(1.5)	0.0	NP	NP	NP	NP
SUBIC	1.7	7.4	NP	NP	NP	NP
<b>AUSTRALIA</b>						
ADELAIDE	3.1	3.5	4.0	4.0	4.5	NP
BRISBANE	3.2	3.0	4.1	4.1	4.1	4.1
CANBERRA	2.8	3.5	3.2	3.0	3.0	3.0
DARWIN	1.0	0.8	1.2	1.5	2.0	2.5
GOLD COAST	2.5	2.5	3.0	3.0	3.0	3.0
MELBOURNE	3.0	3.6	3.5	3.0	3.0	3.5
PERTH	0.0	1.0	2.5	3.0	3.0	3.0
SYDNEY	4.3	4.9	3.9	3.9	3.5	3.5
TOWNSVILLE	4.0	3.0	3.5	3.5	3.5	3.5
<b>NEW ZEALAND</b>						
AUCKLAND	8.0	6.0	3.5	3.0	3.0	2.5
CHRISTCHURCH	3.0	3.0	2.0	2.0	2.0	2.0
WELLINGTON	5.3	6.0	4.0	4.0	3.0	3.0
<b>UNITED STATES OF AMERICA</b>						
BOSTON	3.2	4.7	4.4	4.1	3.0	3.0
CHICAGO	5.3	6.8	4.3	3.8	3.5	3.0
DENVER	3.8	4.4	4.1	3.5	3.0	3.0
HONOLULU	(1.7)	2.6	3.3	3.5	3.0	3.0
LAS VEGAS	3.5	5.3	4.3	3.5	3.0	3.0
LOS ANGELES	7.6	4.4	3.8	3.5	3.0	3.0
NEW YORK	3.3	4.1	4.1	3.3	3.0	3.0
PHOENIX	4.3	6.5	4.3	3.3	3.0	3.0
PORTLAND	6.0	5.6	4.1	4.1	3.0	3.0
SAN FRANCISCO	6.2	6.1	4.6	3.5	3.0	3.0
SEATTLE	5.1	5.3	4.1	3.5	3.0	3.0
WASHINGTON DC	3.2	4.3	4.1	3.5	3.0	3.0
<b>CANADA</b>						
CALGARY	0.3	4.0	2.5	1.8	1.8	1.8
TORONTO	1.1	5.2	2.0	2.3	2.3	2.3
<b>UNITED KINGDOM</b>						
BIRMINGHAM	2.8	2.5	2.3	3.3	4.0	4.0
BRISTOL	2.5	3.0	3.0	3.0	3.0	NP
LEEDS	2.0	(1.0)	4.2	4.7	6.1	6.0
LONDON	2.0	1.3	1.0	1.5	2.0	2.8
MANCHESTER	2.0	1.0	1.0	2.5	3.5	NP
SHEFFIELD	2.0	(1.5)	3.8	4.3	5.6	5.6
<b>IRELAND &amp; MAINLAND EUROPE</b>						
BERLIN	2.0	2.0	2.0	NP	NP	NP
BUDAPEST	9.5	8.0	8.0	5.0	NP	NP
DUBLIN	7.5	7.2	7.5	NP	NP	NP
MADRID	0.8	0.1	0.1	NP	NP	NP
MOSCOW	1.0	1.5	1.5	2.0	NP	NP
WARSAW	3.2	1.2	NP	NP	NP	NP

NP: NOT PUBLISHED

## GLOBAL CONSTRUCTION COST RELATIVITY INDEX

European and American cities continue to dominate the RLB Global Construction Cost Relativity Index 'Index'. The top six cities in our previous index, published in the RLB Q2 2018 International Report, remained the same for Q4 2018.

Of the 49 cities currently forming the index, 22 cities retained their ranking, 15 rose and 12 fell.

Oslo, San Francisco and New York still retain their positions as the most expensive cities to build.

The biggest movement for the current Relativity Index is Macau, which has seen its ranking fall by seven places. Three years of negligible construction cost increases has impacted its relativity position within the index.

Other significant cities to record a fall in their ranking within the index include Perth (down three positions) and Hong Kong (down one). Both cities have had three years of minimal construction cost increases due to falls in building activity.

Strong construction dynamics have been seen in Dublin (up three positions), Seattle, Doha, Adelaide, and Budapest (all up two) due to higher building prices and market demands.

Weaker Asian activity and low escalation has seen the majority of cities either fall or maintain their positions within the index with the exception of Shenzhen.

Both Sydney and Adelaide rose in the index, with Brisbane, Canberra and Perth falling.

## CITY MOVEMENT

## NUMBER OF POSITIONS

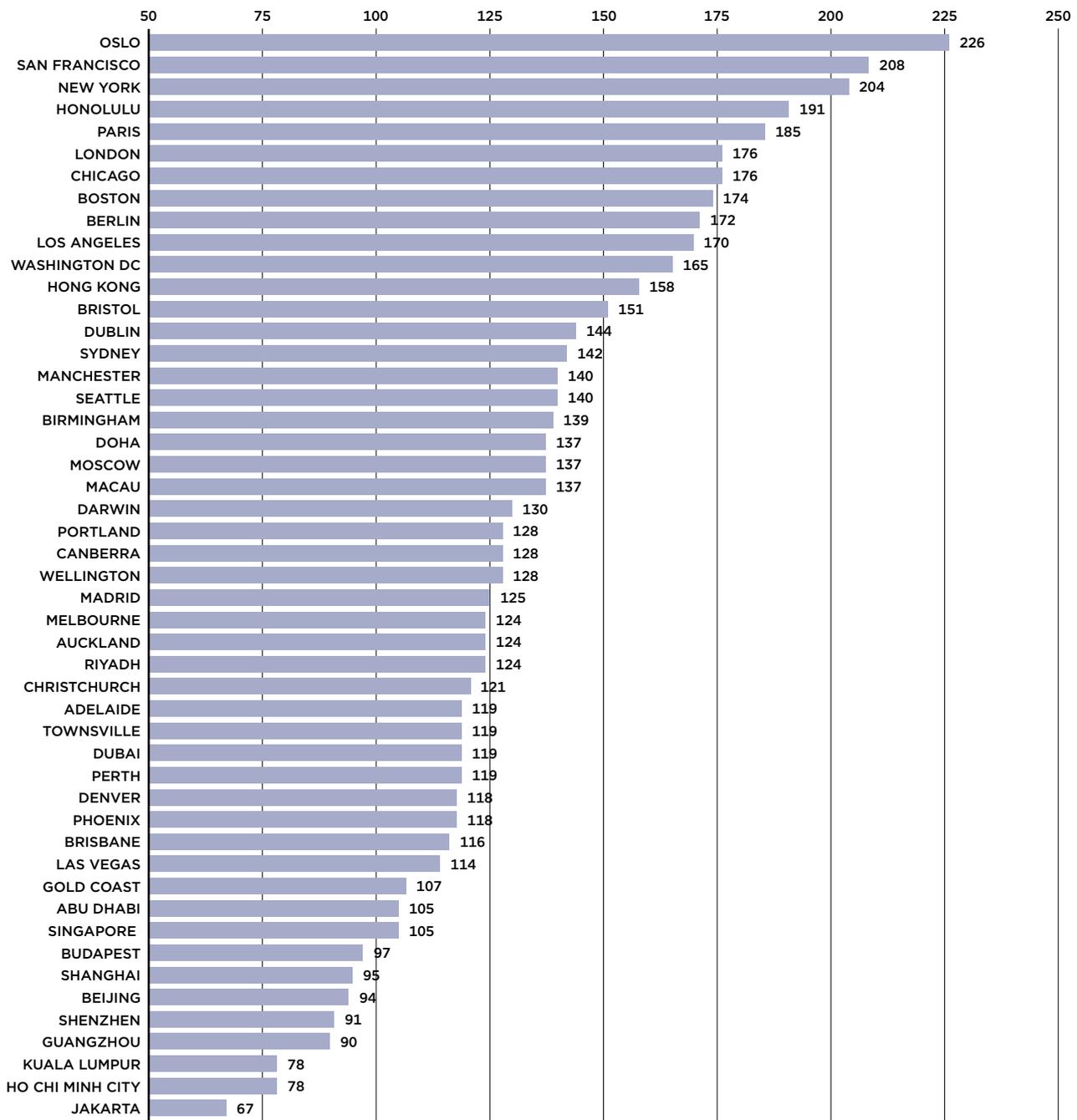
OSLO	▶	0
SAN FRANCISCO	▶	0
NEW YORK	▶	0
HONOLULU	▶	0
PARIS	▶	0
LONDON	▶	0
BOSTON	▲	1
CHICAGO	▼	1
BERLIN	▶	0
LOS ANGELES	▶	0
WASHINGTON DC	▲	1
HONG KONG	▼	1
BRISTOL	▶	0
DUBLIN	▲	3
SYDNEY	▲	1
MANCHESTER	▼	1
SEATTLE	▲	2
BIRMINGHAM	▶	0
DOHA	▲	2
MOSCOW	▶	0
MACAU	▼	7
DARWIN	▶	0
PORTLAND	▲	1
CANBERRA	▼	1
WELLINGTON	▲	1
MADRID	▼	1
MELBOURNE	▶	0
AUCKLAND	▲	1
RIYADH	▼	1
CHRISTCHURCH	▶	0
ADELAIDE	▲	2
TOWNSVILLE	▶	0
DUBAI	▲	1
PERTH	▼	3
DENVER	▶	0
PHOENIX	▲	1
BRISBANE	▼	1
LAS VEGAS	▶	0
GOLD COAST	▶	0
ABU DHABI	▲	1
SINGAPORE	▼	1
BUDAPEST	▲	2
SHANGHAI	▶	0
BEIJING	▼	2
SHENZHEN	▲	1
GUANGZHOU	▼	1
KUALA LUMPUR	▶	0
HO CHI MINH CITY	▶	0
JAKARTA	▶	0

# GLOBAL CONSTRUCTION COST RELATIVITY INDEX

RLB’s Construction Cost Relativity Index identifies the relative cost of constructing similar buildings across the globe. The index is based on the local costing of standard building models/basket of goods. These are costed globally, and within regions, using the same quantities and similar specifications. They are costed in local currencies and relativities calculated using a combination of statistical methods including:

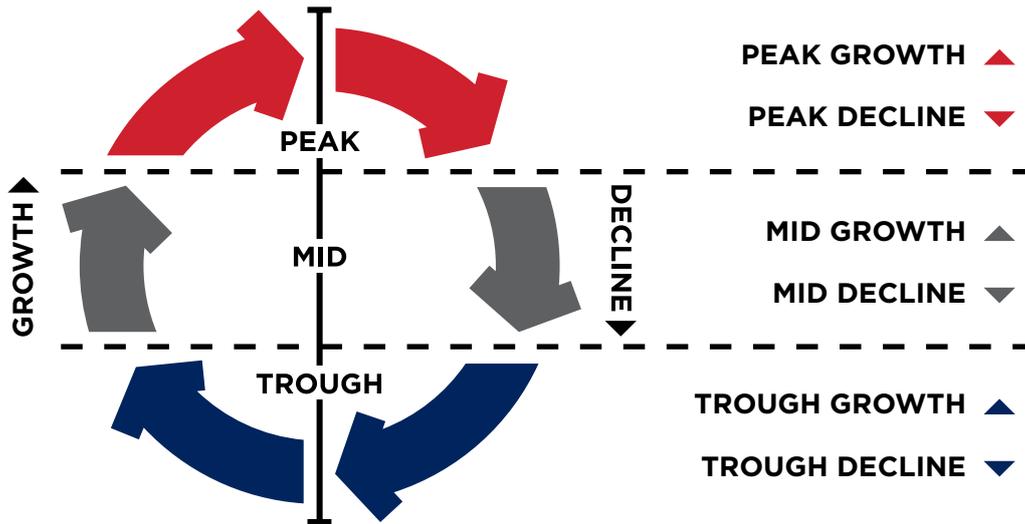
- Conversion into one currency method by converting local currency model costs using USD and IMF’s published Purchasing Power Parity (PPP)
- RLB developed EKS multilateral index
- RLB Relativity Factor, a weighted sum of ‘one currency’ results

The resultant index highlights the relativity in construction costs between key global cities at Q4 2018.



GLOBAL INTELLIGENCE  
**RLB MARKET ACTIVITY CYCLE**

Activity within the construction industry traditionally has been subject to volatile cyclical fluctuations. The RLB Construction Market Activity Cycle (cycle) is a representation of the development activity cycle for the construction industry within the general economy.



Within the general construction industry, RLB considers seven sectors to be representative of the industry as a whole and are represented in the Market Activity Cycle table in the Regional Intelligence pages of this report.

Each sector is assessed as to which of the three zones (peak, mid or trough) best represents the current status of that sector within the cycle, then further refined by identifying whether the current status is in a growth or a decline phase.

The 'up' and 'down' arrows within the table represent whether the sector is in a growth or decline phase with the colour of the arrow determining the zone within the cycle. The three colours identified in the cycle diagram (red, grey and blue) represent the peak, mid and trough zones of the cycle.

The doughnut graph contained within the publication showcases the number of responses for each sector that are either in the peak, mid or trough zones of the cycle. The column graph shows the net movement of each sector within each zone.

# GLOBAL INTELLIGENCE

## RLB MARKET ACTIVITY CYCLE

Globally within the RLB network of offices, 66 cities have reported on the current position of the seven key sectors within their local construction market.

Consolidated global results showcase the positive current state of the construction industry across the RLB network. Offices surveyed highlight 65% of all sectors are presently within the growth phase of the development cycle. The civil, hotel, industrial and single family house sectors, each have more than 45 cities within the growth phase.

The movement of people towards cities has accelerated in the past 40 years, resulting in higher housing requirements, a greater need for physical and social infrastructure and stronger distribution networks to support the growing populations.

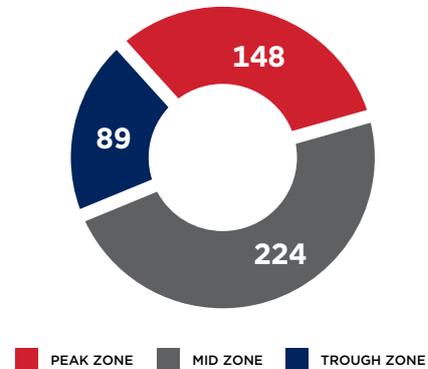
One key enabler for sustainable cities is the need for constant advancement and enhancement of new and existing infrastructure. Oxford Economics Global Infrastructure Outlook (July 2017 edition) stated that global infrastructure investment between 2016 and 2040 is required to be in the region of USD 93 trillion, averaging USD 4 trillion per year to support current growth rates. Politicians around the globe are responding to this pressure by promising new major improvements;

- The Trump administration pledged USD 1 trillion of investment in roads, bridges, schools and hospitals - to be largely funded through tax-incentivised private capital
- The United Kingdom committed to a high value investment into 'infrastructure and innovation to boost productivity'
- Germany pledged to raise spending on roads, railways and broadband with 'no new debts'
- The Chinese Government announced their Belt and Road initiative

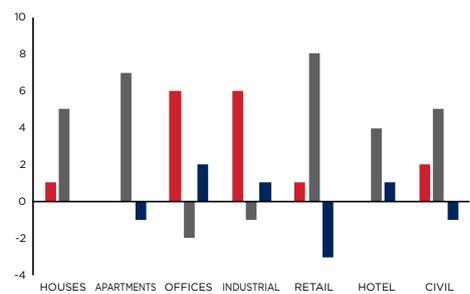
The rise of the digital economy and the move from 'brick and mortar' shopfronts to virtual shopping, has a twofold impact with distribution facilities and data centres (industrial sector) showing strong activity, whereas retail has recorded the lowest number of cities within the growth phase (48%).

While the individual city's markets are showing positive sentiments, they do not seem to be generally overheating with a good balance of sectors within the peak zone and trough zone. Currently 32% of sectors are in the peak zone and 19% are in the trough zone. This conveys the cyclical nature of the industry, where at various stages within the cycle, some sectors are seeing 'boom times' and others are waiting for that spark or intervention to enable confidence or investment.

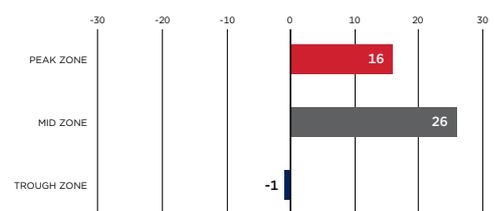
### GLOBAL - MARKET ACTIVITY ZONE



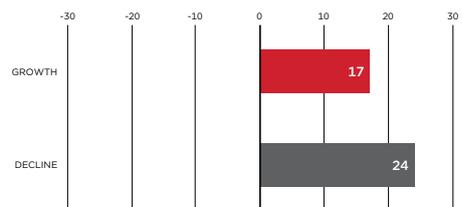
MARKET SECTOR ACTIVITY  
NET MOVEMENT FROM Q2 2018 TO Q4 2018



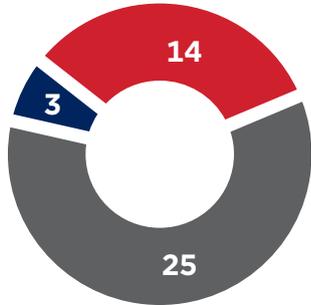
NET ZONE MOVEMENT PER SECTOR  
NET MOVEMENT FROM Q2 2018 TO Q4 2018



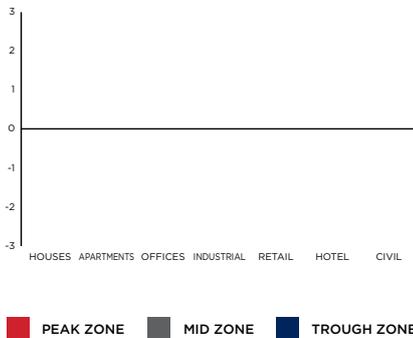
NET PHASE MOVEMENT PER SECTOR  
NET MOVEMENT FROM Q2 2018 TO Q4 2018



MARKET SECTOR ACTIVITY



NET ZONE MOVEMENT PER SECTOR Q2 2018 TO Q4 2018



RLB MARKET ACTIVITY CYCLE

Market activity in Africa is unchanged from Q2 2018. 33% of sectors remain in the peak zone and 76% are in the growth phase.

The housing and apartment sectors remain strong with 67% of cities reporting to be in the peak growth zone.

Sub-Saharan Africa’s economy is ‘set to recover, supported by a rise in commodity prices’, the International Monetary Fund stated in its July 2018 World Economic Outlook (WEO) update. Growth in the region is expected to grow by 3.4% in 2018 and a further 3.8% in 2019, an upward revision from the WEO April 2018 report forecast of 3.7%. Within the region, Nigeria and South Africa’s economies account for about half of the region’s GDP.

The IMF made its predictions for South Africa’s economy, stating it will expand 1.5% in 2018 and 1.7% for 2019. The IMF said ‘Despite the weaker-than-expected first quarter outturn in South Africa (in part due to temporary factors), the economy is expected to recover somewhat over the remainder of 2018 and into 2019 as confidence improvements associated with the new leadership are gradually reflected in strengthening private investment’.

Nigeria’s economy started recovering in 2016, from the worst contraction in 25 years. The recovery is being assisted by increasing oil production and prices, some recovery in non-oil industries and modest growth in agriculture.

As highlighted in the Q2 2018 RLB International Report, the appointment of Cyril Ramaphosa as President of South Africa, brought hopes of increased economic growth in 2018. Unfortunately, ‘Ramaphoria’ is fading rapidly with political parties already campaigning for the upcoming 2019 general elections. One of the more contentious issues making headlines, is the initiative from government, to alter the constitution for the expropriation of farm land without compensation. This move may have a negative impact on the property market, as well as international investment in the country.

Also affecting the economic sentiment within South Africa, was the hike in the VAT rate from 14% to 15% in April 2018, impacting the price of all household goods as well as building materials. Coupled this was the recent steep rise in fuel prices, mostly due to the weakening of the rand against the dollar, increasing international crude oil prices, as well as government levies on fuel.

The rand continues to be volatile, due to continuing domestic political activities impacting the speed of microeconomic reforms. Movement against the USD has seen a fall of 10% in August alone and 16% since the start of this year.

Within South Africa, the construction industry continued to contract, experiencing its fifth consecutive quarter of decline to the first quarter of 2018. The building industry at large is still under pressure and it is worrying that recently, two of the largest construction firms in South Africa have been placed under business rescue.

AFRICA	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
CAPE TOWN	▲	▲	▲	▲	▼	▲	▲
DURBAN	▲	▲	▼	▲	▼	▲	▲
GABORONE (BOTSWANA)	▲	▲	▼	▲	▲	▼	▲
JOHANNESBURG	▼	▲	▼	▲	▼	▲	▼
MAPUTO (MOZAMBIQUE)	▲	▲	▲	▲	▲	▲	▲
PORT LOUIS (MAURITIUS)	▲	▲	▲	▲	▲	▲	▼

NP: NOT PUBLISHED

One positive aspect was the much improved situation regarding Cape Town's water crisis. After three years of drought, dam levels have increased to an average of 50% across the province, however, water restrictions are still in place, hampering the building industry in the area.

Within Sub-Saharan Africa, there has been a noticeable increase in projects at planning stages. Most countries are experiencing an increase in new projects. A number of local South African consulting and construction firms, are spreading their influence into Central and West Africa, where a number of new projects are being built.

Mauritius looks to be heading towards a boom with many residential and resort projects in the costing stages. Movements are still being made towards multi-faceted developments, such as smart cities and eco-cities. Key projects include, Mon Tresor Smart City and Plaisance Eco-city.

Ethiopia and Seychelles have seen increases in leisure projects, with Ethiopia experiencing a strong increase in activity. Seychelles remains a difficult location for foreign investment, with most of the work revolving around refurbishments and resort and hotel construction.

There is an anticipation that Mozambique is on the brink of a boom, with the oil and gas industry being the main driver. Although significant new work has not yet commenced, there is an expectation that once it does, there will be a positive effect on other sectors such as, residential and commercial developments. There is speculation about Maputo's expansion due to the possibility of US investment in the city, however, at present there are some political constraints that are slowing down progress.

Kenya's market is considered more appealing for foreign investment, however, the office sector is currently saturated. Opportunities within the retail, mixed use, offices and leisure sectors are beginning to increase.

Ghana is slowly increasing its workload with projects in the retail, mixed use, office, residential, leisure and industrial sectors. Tanzania and Rwanda are beginning to rise, with projects in small retail, leisure and the office sector. The Ivory Coast is experiencing an increase in leisure and office developments. Malawi, a smaller market, is experiencing an increase in retail, mixed use, office and leisure developments.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
CAPE TOWN	5.0	5.4
DURBAN	6.3	5.5
GABORONE	3.1	3.2
JOHANNESBURG	4.1	5.1
MAPUTO	0.5	1.0
PORT LOUIS	5.0	3.5

#### RLB TENDER PRICE INDEX

Within South Africa, escalation in Cape Town shows a decrease from 6.2% to 5% in 2018. Johannesburg and Durban are also experiencing decreases, with Johannesburg expecting to move from 7.9% in 2017 to approximately 4.1% in 2018.

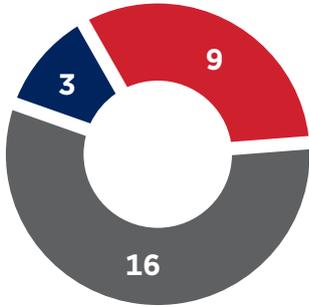
TPI forecasts for 2018 are expected to show an increase in the coming quarters, with the increase in the VAT rate, as well as the hike in fuel prices, starting to have an effect on the prices of goods, building materials and transport. Where the current expectation for the Johannesburg region is 4.1%, the above factors have the potential to push the TPI to above 5.0%.

AFRICA	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
CAPE TOWN	ZAR	11,000	14,500	9,900	13,250	NP	NP	NP	NP	3,100	3,600
DURBAN	ZAR	14,000	16,000	12,000	14,500	NP	NP	NP	NP	4,500	5,500
GABORONE	BWP	13,000	16,000	9,000	11,000	8,000	12,000	10,600	14,200	7,000	8,000
JOHANNESBURG	ZAR	16,000	18,000	7,400	11,000	NP	NP	10,250	13,000	3,450	3,800
MAPUTO	MZN	87,900	108,200	60,900	74,400	54,100	81,100	71,200	95,700	50,000	60,000
PORT LOUIS	MUR	53,300	65,500	36,900	45,000	32,800	49,100	43,500	58,000	32,000	35,000

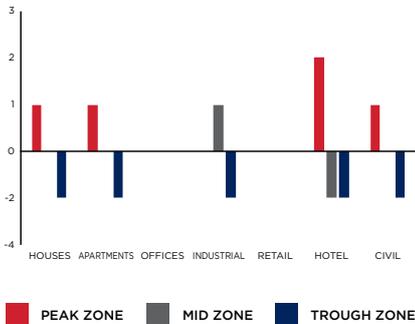
AFRICA	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
CAPE TOWN	ZAR	NP	NP	NP	NP	3,100	4,000	5,700	7,800	11,500	16,250
DURBAN	ZAR	NP	NP	NP	NP	NP	NP	2,500	3,500	15,500	18,000
GABORONE	BWP	39,900	50,400	19,480	25,960	3,450	4,500	4,000	5,000	7,500	12,500
JOHANNESBURG	ZAR	NP	NP	NP	19,000	3,500	5,000	4,000	6,000	12,500	17,000
MAPUTO	MZN	269,720	340,700	131,635	175,500	23,150	30,100	27,040	33,800	50,700	84,500
PORT LOUIS	MUR	163,390	206,390	79,730	106,315	14,050	18,300	16,400	20,500	30,700	51,190

NP: NOT PUBLISHED

MARKET SECTOR ACTIVITY



NET ZONE MOVEMENT PER SECTOR Q2 2018 TO Q4 2018



RLB MARKET ACTIVITY CYCLE

Market activity in the Middle East has strengthened since the previous edition, with 32% of sectors now in peak zone, up from 14% previously. There has generally been a movement of five sectors from the trough zone, to the mid zone and five from the mid zone, to peak.

Dubai is reporting that five sectors are within the peak zone, with Abu Dhabi and Doha each having two sectors within the peak zone.

Riyadh was the only city not to have a market sector within the peak zone.

Within the Middle East and North Africa region (MENA), growth is estimated to have bottomed out in 2017. Current forecasts by the IMF, show GDP growth for the region rising during 2018 and 2019 to 3.9%, then shrinking slightly to 3.4% for 2021.

According to the latest Global Economic Conditions survey by the Association of Chartered Certified Accountants (ACCA) and the Institute of Management Accountants (IMA), confidence within the UAE has moved from a negative outlook in the first quarter of 2018 to a positive one. A key factor for the Middle East was the rise in oil prices, 'the higher oil price has caused an increase in fiscal revenues, which has led to an easing in fiscal austerity', the report noted. Both nationally and regionally, the outlook appears to be considerably more positive than 18 months ago.

Within the Gulf Cooperation Council (GCC) countries, fiscal consolidation measures have targeted both revenue and expenditures. Recent revenue measures include the introduction of a value-added tax (VAT) in Saudi Arabia and the United Arab Emirates in January 2018, with other GCC countries expected to introduce a VAT later this year. The ongoing progress towards the Saudi Vision 2030, the Kingdom's strategy to diversify and minimise dependencies on oil reserves, appears to be driving a healthy assortment of construction programs across the residential, commercial, infrastructure and industrial sectors.

The country's construction sector contributes around 8% to Saudi Arabia's total GDP, making it the largest construction market in the Middle East.

Growth in UAE's non-oil economy appears to be accelerating this year on the back of strong investment. Significant infrastructure investment associated with the country's hosting of the 2020 World Expo, together with the proposed new business ownership laws that will allow full foreign ownership of firms in select sectors by the end of 2018, should improve investor confidence levels.

Qatar continues to be one of the world's fastest growing economies despite the economic related boycott from its neighbours. The economy should be supported by higher oil and gas prices in 2018, as well as by the government's infrastructure investment push in the run-up to the 2022 World Cup.

MIDDLE EAST	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
ABU DHABI	▲	▼	▼	▼	▼	▼	▼
DOHA	▲	▲	▼	▲	▲	▲	▲
DUBAI	▲	▼	▼	▲	▲	▲	▲
RIYADH	▲	▲	▲	▲	▲	▲	▲

NP: NOT PUBLISHED

Saudi Arabia has begun work on a massive USD 2 billion heritage and culture tourism project at Souq Okaz City in Taif, that includes heritage centres, museums, recreational areas, a convention centre, a new international airport, a technology hub at Taif University, together with housing for about 750,000 people.

Dubai Holding and Emaar Properties have announced the launch of Dubai Square, a new retail metropolis that pushes the boundaries of modern retail and leisure in Dubai Creek Harbour. The six square kilometre mega-development is located near the Dubai International Airport and the iconic Burj Khalifa. In its totality, it represents a 2.6 million square-metre retail, hospitality and residential district.

Within both the UAE and KSA, construction pricing over the past two years has seen flat growth, with the exception of Abu Dhabi, which saw negative escalation in 2016 and 2017. Going forward, base construction commodities including aluminium, steel and copper are predicted to gradually rise. This, combined with fuel/subsidy cuts and the introduction of value-added tax (VAT) in January 2018, will put pressure on construction costs for the next 2 years. Offsetting material price increases is the continued competitive contractor market within the UAE and KSA, keeping margins low.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
ABU DHABI	3.2	2.7
DOHA	7.0	NP
DUBAI	3.0	2.5
RIYADH	5.0	5.0

#### RLB TENDER PRICE INDEX

Since the introduction of the 5.0% VAT in January 2018, the UAE has seen little impact to construction costs. Higher materials costs offset by lower contractor margins have seen mixed annual TPI forecast uplifts for 2018.

Throughout the region, the increased workload in Doha is seeing pressure on costs with construction prices forecast to rise by 7.0% through 2018.

Both Abu Dhabi and Dubai reflect a more stable market with rises of 3.2% and 3.0% for 2018 and falling to 2.7% and 2.5% respectively for 2019.

Riyadh is forecasting constant annual uplifts of 5.0% over the next four years.

MIDDLE EAST	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ABU DHABI	AED	5,700	6,800	4,600	6,400	4,000	6,300	NP	NP	1,460	2,650
DOHA	QAR	6,500	8,500	6,100	8,200	5,300	6,500	NP	NP	NP	NP
DUBAI	AED	6,000	7,200	4,850	6,800	4,250	6,700	NP	NP	1,900	3,000
RIYADH	SAR	5,100	7,900	5,200	7,100	3,000	5,400	3,500	4,900	3,450	4,200

MIDDLE EAST	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ABU DHABI	AED	8,800	11,750	5,900	8,300	1,760	3,500	2,800	4,400	4,400	6,500
DOHA	QAR	11,500	14,500	7,500	8,500	NP	NP	2,750	4,500	6,500	7,800
DUBAI	AED	9,300	14,500	6,200	9,300	2,400	3,700	3,200	4,650	4,650	6,900
RIYADH	SAR	7,500	10,500	6,200	7,700	1,380	2,300	2,350	2,950	3,050	13,250

NP: NOT PUBLISHED

Katherine Towers, Sandton, Johannesburg, South Africa

Architect: Paragon Architects

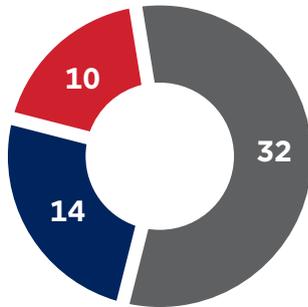


HSMC Jockey Club Residential Colleges, Hong Kong

Architect: Wong & Ouyang (HK) Ltd.



**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

There has not been significant movement within sectors in North Asian cities since our last publication. Most sectors have remained the same. The prospect of lower construction volumes in the short term will continue across the region, following the completion of many large-scale projects and declining investment in private fixed assets.

Shenzhen and Guangzhou, anticipate a robust construction market with a number of innovative and hub-type backbone projects prioritised in their respective city development master plans. The large floating population in Beijing and Shanghai will maintain the demand for residential developments. In Chengdu, the demand in real estate investment should continue to grow.

A flat movement in construction activities is predicted for the Korean construction market.

A slowdown in the pace of growth is anticipated for China, falling from 6.9% in 2017 to 6.4% in 2019. Risks to this forecast continue to evolve, due to foreign trade and investment conflicts with the US. The economy of South Korea expanded steadily in Q1 2018, however, growth forecasts for GDP are expected to fall slightly between 2018 to 2021.

The depreciation of the Chinese Yuan (RMB) against the USD since mid-2018, together with the regulatory tightening of the financial sector, may negatively affect market activity within China.

Hong Kong’s economy grew by 4.7% Y o Y for Q1 2018, while real GDP increased 2.2% Q o Q for Q1 2018. CPI rose 2.1% Y o Y to May 2018.

Macau’s GDP increased 9.2% Y o Y for Q1 2018. The unemployment rate for the February-April 2018 period stood at 1.9%. The average daily wage of construction workers was MOP 785 for Q1 2018, a Q o Q decrease of 1.6%.

Beijing’s GDP grew by 6.8% Y o Y for Q2 2018. Sales of residential properties recorded a significant decline of 41.1% Y o Y to 1.6 million square metres. Meanwhile, home property prices also declined, pointing to the significant cooling in real estate markets, as the government attempts to curb real estate speculation.

In Chengdu, investment in fixed assets increased 10.5% Y o Y in Q1 2018, however, investment in real estate developments dropped 18.2%. Land supply in 2017 dropped to the lowest in the past 10 years, amounting to only 13,346 mu, and is expected to drop further in 2018.

Guangzhou’s economy grew by 4.3% Y o Y for Q1 2018, lower than the growth in Q1 2017 of 8.2% and the City Government’s previous forecast of 7.5%.

In Q1 2018, Shanghai’s GDP grew 6.8% Y o Y. In 2018, the Shanghai government continues to adopt housing policies to restrain speculative demand and refine policies to limit the number of homes being sold, while keeping the housing price steady. In the first five months of 2018, investment in fixed assets grew 7.1% Y o Y, 1% higher than the fixed asset investment growth in China over the same period.

Shenzhen is the base for many IT and finance companies. With the recent trade issues mentioned earlier, these companies would likely face the challenge of a possible falling trade volume. Expectations are that the general economy of Shenzhen will be impacted by the ongoing tariff issues.

NORTH ASIA	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
BEIJING	▼	▲	▼	▼	▼	▼	▲
CHENGDU	▲	▲	▲	▲	▼	▲	▲
GUANGZHOU	▼	▲	▲	▲	▲	▼	▲
HONG KONG	▼	▼	▼	▼	▼	▼	▼
MACAU	▼	▼	▼	▼	▼	▼	▼
SEOUL	▼	▼	▼	▼	▼	▼	▼
SHANGHAI	▼	▼	▼	▼	▼	▼	▲
SHENZHEN	▼	▲	▲	▼	▲	▼	▲

NP: NOT PUBLISHED

In order to assist in the stabilisation of the market, the Chinese Government has begun to relax the previous stringent liquidity ratio of major state-run commercial banks, joint-stock commercial lenders, postal banks, city commercial lenders, rural banks and foreign banks. The 500 billion yuan released, is earmarked to support the debt-to-equity swaps program which has progressed sluggishly since its debut in 2016, due to a lack of enthusiasm from banks amid concerns over capital erosion.

Opportunities are forecast in North Korea, especially in infrastructure and the construction sectors as a result of the meetings.

Hong Kong's private land sales in FY 2018, declined substantially to a total of circa 120,000m<sup>2</sup> of site area, much lower than past annual average sales of about 320,000m<sup>2</sup> of site area. With the completion of large-scale infrastructure works and the prospect of lower construction volumes in the short term, contractors are willing to submit competitive bids in order to maintain their order books.

Construction output in South Korea increased 1.4% Y o Y to April 2018. The average wage increased by 10.6% Q o Q in Q1 2018, the highest since 2008. Due to changes in labour laws, effective 1st July 2018, labour working hours reduced by 26.5% to 50 hours per week and it is expected that the average wage will continue to rise.

With the completion of large-scale tourism and entertainment facilities in Macau, tender prices are forecast to decline during 2018 and 2019 until private fixed asset investment increases and planned housing projects come to the market.

The prices of the major construction materials in China have increased rapidly since 2017. In Shanghai, the prices of concrete, rebar and structural steel increased by 26%, 57% and 37% respectively between 2016 and 2017, however, the increase in labour wages has been relatively slow, at 4% to 5% on a Y o Y basis since 2016. Generally, construction escalation forecasts for 2018 across China are lower than those achieved in 2017 with the exception of Shenzhen.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
BEIJING	3.0	4.1
CHENGDU	6.1	3.0
GUANGZHOU	2.0	3.0
HONG KONG	-2.0	0.0
MACAU	-2.0	0.0
SEOUL	4.4	4.9
SHANGHAI	3.5	3.5
SHENZHEN	4.1	4.1

#### RLB TENDER PRICE INDEX

Both Hong Kong and Macau are forecasting negative TPI annual movements for 2018 and zero growth for 2019, due to a competitive tender market, and the prospect of lower construction volumes in the market.

Chengdu's TPI growth for 2018 is anticipated to increase by 6.1% due to the enforcement of prefabricated modules for use in green building construction.

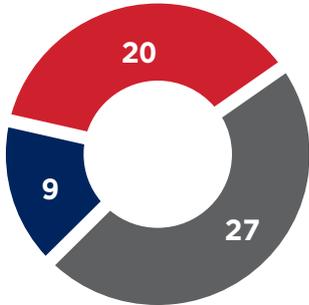
For other cities within the region, a moderate rise of annual TPI uplifts is expected, between 2.0% and 4.4%. Although rising optimism in construction activities throughout the region together with an increase in materials prices may drive up annual rates of TPI, the trend may be tempered by an economic slowdown, due to the implications of any further additions to existing trade tariffs between China and the US.

NORTH ASIA	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
BEIJING	RMB	8,400	13,750	7,800	11,750	9,200	14,000	8,100	12,750	4,750	6,000
CHENGDU	RMB	7,100	11,500	6,500	9,700	7,500	11,500	6,800	10,750	3,550	4,400
GUANGZHOU	RMB	7,700	12,250	7,100	10,750	8,700	12,500	7,500	11,500	4,400	5,500
HONG KONG	HKD	23,250	34,500	19,750	26,750	23,250	29,500	20,000	25,750	15,500	19,250
MACAU	MOP	18,500	26,500	16,250	22,750	20,250	24,750	17,000	21,750	NP	NP
SEOUL	KRW ('000)	2,525	3,275	1,925	2,350	1,700	2,475	1,425	2,200	1,300	1,600
SHANGHAI	RMB	8,200	13,000	7,300	11,250	8,600	13,750	7,600	12,500	4,350	5,700
SHENZHEN	RMB	7,400	12,000	6,900	10,500	7,900	12,250	7,000	10,750	4,100	5,100

NORTH ASIA	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
BEIJING	RMB	14,250	18,750	10,750	13,750	2,400	3,350	4,100	7,100	4,400	9,000
CHENGDU	RMB	12,000	15,500	9,000	11,250	2,100	2,900	3,700	6,100	3,550	7,000
GUANGZHOU	RMB	13,750	17,750	10,250	12,500	2,250	3,200	3,900	6,800	4,000	8,000
HONG KONG	HKD	35,250	43,000	29,000	33,750	9,100	11,000	19,000	26,000	21,750	43,250
MACAU	MOP	31,000	38,000	24,750	28,500	NP	NP	10,750	13,500	13,750	25,250
SEOUL	KRW ('000)	3,425	5,100	1,875	2,600	720	890	920	1,200	1,650	2,775
SHANGHAI	RMB	14,250	18,750	10,500	13,500	2,300	3,300	4,300	7,200	4,000	8,200
SHENZHEN	RMB	13,000	16,750	9,700	12,250	2,200	3,050	3,950	6,700	3,800	7,800

NP: NOT PUBLISHED

**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
 Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

With the addition of key cities within the Philippines, the region is showing strong activity with more than 36% of all sectors across the region in the peak zone.

The civil sector is the dominant sector within the region, with 88% of RLB offices reporting the sector as in the peak zone of the cycle.

The civil, office and retail sectors are within the peak zone in Manila. Five sectors are within the peak zone in Cebu, being placed as one of the top Philippine provinces with regard to the number of active construction projects reported by the Philippine Statistics Authority.

Ho Chi Minh City continues to strengthen, with three sectors now within the peak growth stage, up from two in the previous report. Singapore has also reported improvements in this edition, with houses and apartments moving from the trough zone to the mid zone.

Within Southeast Asia, there are downside risks forecast for the region's economic outlook, resulting from threats of protectionist trade measures from the US and subsequent retaliatory measures from China, potentially dampening future growth.

President Donald Trump's plan to slap hefty tariffs on steel and aluminium imports, will likely make Southeast Asia the new hunting ground for global exporters seeking buyers, creating a surplus that could depress prices and hurt local industries.

Increased growth in infrastructure spending, capital goods imports, manufacturing output, and foreign investment, are driving the Philippine economy to a 6.3% growth in GDP for H1 2018, one of the highest in the region. This positive growth should counteract some negative sentiment arising from inflation speeding up and the peso under siege, setting the stage for the higher growth for Q2 2018. Infrastructure spending and manufacturing output, remain high. These, along with other economic indicators, should support a strong growth pace in 2018.

The Singapore economy benefitted from stronger global growth in H1 2018. Advanced estimates, showed the economy grew by 3.8% Y o Y to Q2 2018, slower than the 4.4% recorded for Q1 2018, with manufacturing the strongest growth driver. The IMF projects Singapore's economy to expand 2.9% in 2018. The construction sector remains weighed down by continued weakness in private construction sector activities, as it declined by 4.4% Y o Y to Q2 2018, extending the 5.2% contraction in Q1 2018.

As a step towards managing the country's existing debt and addressing public funds prudence, the Ministry of Finance has suspended some mega-infrastructure projects, such as the High-Speed Rail Link (HSR) between Singapore and Kuala Lumpur, the East Coast Rail Link (ECRL), and the Mass Rapid Transport 3 (MRT3). A new policy to remove the goods and services tax (GST) to lift pressures on construction costs and encourage consumer spending was also introduced. The IMF projects Malaysia's economy to expand 5.3% in 2018.

Backed by growth in the manufacturing and agriculture sectors as well as strong foreign direct investment, Vietnam's economic growth momentum is expected to remain robust along with broad macroeconomic stability. The IMF forecasts Vietnam's economy to grow 6.6% for 2018, while the World Bank revised upwards its previous estimate of 6.5% and now forecasts Vietnam's GDP to expand by 6.8% for the whole of 2018.

SOUTH ASIA	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
CEBU	▲	▲	▼	▲	▼	▲	▲
CLARK	▼	▼	▲	▼	▼	▲	▲
HO CHI MINH CITY	▲	▲	▲	▲	▲	▲	▼
JAKARTA	▲	▲	▼	▲	▼	▲	▲
KUALA LUMPUR	▲	▼	▼	▲	▼	▼	▼
MANILA	▲	▼	▲	▼	▲	▼	▲
SINGAPORE	▲	▲	▼	▲	▼	▲	▲
SUBIC	▲	▲	▼	▲	▲	▲	▲

NP: NOT PUBLISHED

In Q1 2018, stronger investments for public infrastructure and steady private consumption spurred Indonesia's economy to 5.06% from the preceding quarter. Although the construction sector and infrastructure development remains a high national priority, the government announced that 14 infrastructure developments with an estimated value of IDR 264 trillion are expected to be dropped from the government's strategic development plan. The World Bank projects Indonesia's economic outlook to stay positive, albeit measured, for the rest of 2018.

In the Philippines, there are various road widening and improvement projects underway by the Department of Public Works and Highways, as well as the repair and rehabilitation of schools by the Department of Education, largely contributing to the increase in infrastructure spending. The procurement of medical facilities and medical equipment by the Department of Health, likewise, boosted capital outlays.

The construction market in Singapore is still very competitive. In the past year, the market saw many delays in the start of several major projects, along with the corresponding delay in delivery of completed jobs. The Building Construction Authority (BCA) expects a rise in the total value of construction contracts awarded this year, projected between SGD 26 billion and SGD 31 billion. BCA has reported significant construction materials price increases over the past year alone, however, the strain on limited construction resources in Singapore for labour, materials, plant and equipment, remain an issue as construction demand is projected to increase gradually from 2018 to 2022. Looking forward, for the next six months, a moderate increase in construction costs is anticipated on the back of rising construction material prices.

The Vietnam construction industry is expected to continue expanding until 2021, due to investments in transport infrastructure, energy and utilities, commercial and affordable housing projects. Based on current demand and cost trends, barring any unforeseen market conditions, building tender prices in Ho Chi Minh City are anticipated to increase between 3% and 5% in 2018.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
CEBU	7.4	NP
CLARK	7.4	NP
HO CHI MINH CITY	4.0	NP
JAKARTA	1.5	NP
KUALA LUMPUR	0.0	NP
MANILA	7.4	NP
SINGAPORE	0.0	NP
SUBIC	7.4	NP

#### RLB TENDER PRICE INDEX

Singapore has seen rising annual TPI increases since 2017, moving from negative escalation of -1.5% to a forecast of -1.0% to 1.0% for 2018.

With the current strength of the construction industry within Philippine cities, escalation forecasts for 2018 of 7.4% are significantly above the CPI forecast of 4.2%.

Jakarta and Kuala Lumpur are both forecasting smaller uplifts in TPI from 2017, with Jakarta forecasting a drop from 5.0% to 1.5% in 2018, and Kuala Lumpur moving from 2.0% to 0%.

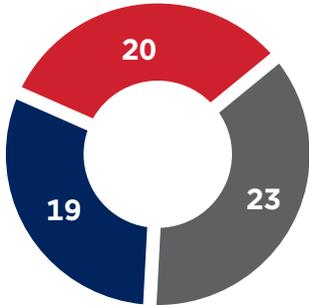
The built environment sector in Ho Chi Minh City is positive, and it is forecasted that building prices will increase an average of 4.0% for 2018.

SOUTH ASIA	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
CEBU	PHP	35,000	51,600	NP	NP	38,400	69,400	NP	NP	52,400	67,000
CLARK	PHP	35,000	51,600	NP	NP	38,400	69,400	NP	NP	52,400	67,000
HO CHI MINH CITY	VND ('000)	23,900	35,800	21,300	26,600	20,100	26,750	NP	NP	6,210	9,400
JAKARTA	RP ('000)	10,130	13,200	6,870	11,000	6,520	8,515	NP	NP	4,790	6,078
KUALA LUMPUR	RINGGIT	2,600	4,500	1,400	3,200	2,100	3,500	NP	NP	1,000	1,800
MANILA	PHP	36,900	54,400	NP	NP	38,400	69,400	49,800	65,900	52,400	67,000
SINGAPORE	SGD	2,950	4,150	2,050	3,300	2,000	3,350	NP	NP	1,100	1,600
SUBIC	PHP	35,000	51,600	NP	NP	38,400	69,400	NP	NP	52,400	67,000

SOUTH ASIA	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
CEBU	PHP	84,600	99,500	NP	NP	NP	NP	NP	NP	30,400	71,200
CLARK	PHP	84,600	99,500	NP	NP	NP	NP	NP	NP	30,400	71,200
HO CHI MINH CITY	VND ('000)	35,600	42,700	25,000	32,300	9,100	13,700	18,800	25,700	15,400	23,300
JAKARTA	RP ('000)	15,000	20,000	11,500	13,500	3,500	4,500	5,000	7,000	6,870	16,000
KUALA LUMPUR	RINGGIT	5,000	7,000	2,500	3,500	800	1,200	1,400	3,400	1,900	4,500
MANILA	PHP	84,600	99,500	NP	NP	NP	NP	NP	NP	30,400	71,200
SINGAPORE	SGD	4,250	5,500	3,250	3,650	700	1,400	1,500	2,250	1,960	3,150
SUBIC	PHP	84,600	99,500	NP	NP	NP	NP	NP	NP	30,400	71,200

NP: NOT PUBLISHED

**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

Australia’s market activity, as reported by RLB offices is showing mixed sentiment, from the booming markets of Melbourne and Sydney to the more subdued markets of Darwin and Perth.

Melbourne’s market appears to be the most heated, with 86% of sectors in the peak zone, followed closely by Sydney with 71%.

The housing and apartment sectors remain the strongest, with approximately 50% of RLB offices reporting they are in the peak zone.

The Australian economy has entered its 27th consecutive year of growth, exceeding expectations and rising at the fastest pace in six years, according to the 2018/19 Federal Budget released in May 2018. Real GDP is forecast to accelerate to above 3.0% for 2018 and 2019.

Within the Federal Budget there was a strong focus on infrastructure, with investment forecast to average AUD 10.1 billion per year for the next four years, more than double the previous 10-year average.

Construction activity in New South Wales continues to rise through 2018, with recent industry forecasts expecting small increases in construction activity for the next three years. The non-residential and infrastructure sectors are the main drivers of construction growth, with the increased investment in roads and railways offering significant opportunities to the industry.

There is strong confidence within the Victorian construction industry, with building work done rising 17.1% and engineering rising 39.2% Y o Y to Q2 2018. In 2018, Victoria is seeing a transition within sectoral activity, with engineering work increasing its contribution to total construction work, while building work fell, driven mainly by declines in the residential sector.

Building activity in Queensland has seen a marginal decline from historically high levels in the Y o Y results for Q1 2018. While residential building work has declined, engineering work has been rising. The Queens Wharf Precinct is moving towards its major construction phase next year, with tenders out for the head contractors. The Gold Coast economy is now in a post Commonwealth Games phase and is very dependent on future infrastructure expenditure on the M1 Motorway and Stage 3 of the Light Rail.

Public sector projects in South Australia remain very active, with many projects under construction and new projects entering into the market. Numerous large civil projects are still under construction, keeping the sector busy.

The Western Australian economy is showing early emerging signs of economic recovery. The office leasing market is seeing increased levels of activity in Premium and A-Grade stocks. The Perth CBD prime vacancy rates have fallen in the 12 month period to June 2018, from 16.9% to 13.2%.

Northern Territory’s construction industry remains flat with spare capacity. As defence projects begin to ramp up, it is anticipated that they will have flow-on effects to other sectors of the industry, greatly benefitting the industry for the next 5-10 years.

Within the Australian Capital Territory, the recent ANZ/ Property Council Survey (September 2018 Quarter Forecast) reported a dip in business confidence from the high levels previously enjoyed. Although the ACT has seen sustained growth in activity for infrastructure and urban renewal projects, it is expected that this level of growth will not be sustainable in the medium to long term.

AUSTRALIA	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
ADELAIDE	▲	▲	▲	▲	▼	▲	▲
BRISBANE	▼	▼	▲	▲	▲	▲	▲
CANBERRA	▲	▲	▲	▲	▼	▲	▲
DARWIN	▲	▼	▼	▲	▼	▲	▲
GOLD COAST	▲	▲	▼	▼	▼	▲	▼
MELBOURNE	▲	▼	▲	▲	▲	▲	▲
PERTH	▲	▼	▼	▲	▲	▼	▲
SYDNEY	▲	▼	▲	▲	▲	▲	▲
TOWNSVILLE	▼	▼	▼	▼	▼	NP	▼

NP: NOT PUBLISHED

Expectations across Adelaide are that prices for both the head and trade contractors will increase above inflation forecasts. Engineering services trades are also becoming busier, and as such, pricing in this area is becoming more erratic.

Brisbane construction costs have flattened in 2018, with the slowdown in the pipeline of residential work. As work picks up for the Queens Wharf and other large projects, it is expected that the tendered cost of Tier 1 subcontractor trades to increase, due to the limited number of subcontractors available to tender.

Activity in Canberra remains high, with annual TPI movements averaging 3.5% over the next few years, which is ahead of the current headline inflation rate of 2.8%.

Darwin is forecasting some small increases in construction pricing, due to low level increases in material prices and subcontract labour.

Gold Coast's construction activity has plateaued, keeping escalation within the 2.5% to 3.0% band for the foreseeable future. If major developments commence in the second half of 2018, pressure could lead to increased Tier 1 construction costs, however, costs within the local Tier 2 and 3 markets are expected to remain very competitive.

With the commencement and announcement of a number of significant civil/ infrastructure projects in Melbourne, a jump in construction costs and limited resources is currently being experienced and expected to continue into early 2019. However, it is anticipated that the market will stabilise with the completion of a number of large building projects towards the end of 2019.

Within Perth, there are some signs that the second half of 2018 will see slightly higher construction volumes, however, changes in escalation are not anticipated until 2019.

The limited availability of resources in Sydney in all sectors, has become a major issue, with design consultants and contractors alike reporting difficulties in securing staff to undertake new work or to expand their businesses. At present, there is considerable demand for tradesmen to meet the available workload, putting pressure on trade pricing.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
ADELAIDE	3.5	4.0
BRISBANE	3.0	4.1
CANBERRA	3.5	3.2
DARWIN	0.8	1.2
GOLD COAST	2.5	3.0
MELBOURNE	3.6	3.5
PERTH	1.0	2.5
SYDNEY	4.9	3.9
TOWNSVILLE	3.0	3.5

#### RLB TENDER PRICE INDEX

For 2018 and 2019, TPI forecasts are showing uplifts in excess of inflation with the exception of Darwin and Perth.

For most cities, between 2018 and 2019, forecasts show rises in escalation on the back of strong activity in the regions.

Within Melbourne and Sydney, forecasts are for escalation to be at peak for 2018. It is anticipated that in the long term the market will adjust to the pressures currently being experienced and as such, escalation forecasts for 2020 are lower at 3.0% for Melbourne and 3.5% for Sydney.

AUSTRALIA	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ADELAIDE	AUD	2,650	3,800	2,200	3,150	1,580	3,000	1,300	1,840	650	1,100
BRISBANE	AUD	2,800	4,200	2,200	3,500	2,000	3,500	1,200	1,800	700	1,100
CANBERRA	AUD	3,500	5,500	2,800	4,300	2,400	4,050	1,260	2,550	740	1,400
DARWIN	AUD	3,100	4,150	2,400	3,800	1,740	2,600	1,240	2,100	800	1,420
GOLD COAST	AUD	2,600	4,000	1,900	3,200	2,500	3,500	1,200	1,800	700	1,100
MELBOURNE	AUD	3,200	4,250	2,450	3,350	2,150	3,150	1,220	1,640	650	1,200
PERTH	AUD	3,000	4,700	2,400	3,750	1,900	2,900	1,000	2,500	550	1,060
SYDNEY	AUD	3,550	5,200	2,650	3,850	1,960	4,150	1,520	2,000	730	1,160
TOWNSVILLE	AUD	2,650	4,050	2,100	3,150	2,300	3,100	1,120	1,640	630	1,060

AUSTRALIA	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
ADELAIDE	AUD	3,650	4,500	2,650	3,500	680	980	1,340	1,960	2,250	3,550
BRISBANE	AUD	4,000	5,500	2,800	4,000	1,000	1,500	1,700	2,200	2,400	4,200
CANBERRA	AUD	4,250	6,400	3,100	5,300	790	1,320	1,060	1,840	2,950	5,200
DARWIN	AUD	3,600	4,450	2,850	3,550	750	1,260	1,180	1,540	2,050	2,650
GOLD COAST	AUD	3,400	5,500	2,600	4,000	700	1,200	1,500	2,100	1,600	4,500
MELBOURNE	AUD	4,100	5,500	2,900	3,700	800	1,260	1,260	1,660	2,450	4,300
PERTH	AUD	3,600	4,800	2,600	3,600	650	1,000	1,800	3,100	1,900	4,100
SYDNEY	AUD	4,450	6,000	3,150	4,000	770	1,160	1,120	1,800	2,600	5,600
TOWNSVILLE	AUD	3,400	4,550	2,650	3,800	630	950	1,160	2,100	2,250	3,700

NP: NOT PUBLISHED

Winyu House, ACT, Australia

Architect: WBa Architects

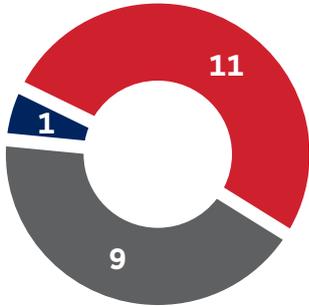


Kings School Centennial Building, Auckland, New Zealand

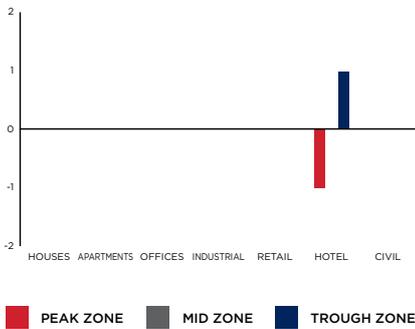
Architect: Warren and Mahoney Architects Ltd



**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

Market activity in New Zealand still remains strong with 52% of sectors in the peak zone.

Auckland’s market remains heated, with all sectors in the peak zone and 57% within the peak growth zone.

The infrastructure sector continues to dominate with all three cities reportedly in the peak zone.

The industrial and retail sectors are also showing growth with both Auckland and Wellington reporting they are in the peak zone.

In recent years, robust global growth has provided support to the New Zealand economy. High net migration and low interest rates continued to support growth, with strong net migration since 2012 driving both demand and supply within the New Zealand economy. Despite broad-based reductions in construction work for Q1 2018, the level of activity remains high. Construction demand remains strong, but growth is hampered by continued capacity and financing constraints, with some developments put on hold given they no longer meet feasibility criteria. The ‘KiwiBuild’ program is anticipated to ease some of the financing constraints within the ‘affordable housing’ sector. Capacity constraints remain within the industry and concerns of labour shortages are expected to become more prominent with the slowing in net migration. While the government’s stricter migration policies and the tenure for temporary work and student visas are coming to an end, construction migration remains strong, with the number of approved construction work visas increasing Y o Y between FY 2013 and FY 2018.

Throughout the three major cities, there remains a strong pipeline of work. In the Auckland region there are a significant number of large building projects currently in the construction phase. These include, the Skycity International Convention Centre, the Commercial Bay retail and commercial development and the redevelopment of the Sylvia Park and 277 Newmarket retail centres. Auckland University also has several large projects underway or in planning. In addition, there is significant activity within the infrastructure sector including, the City Rail Loop, other significant road and rail projects and the planned redevelopment of the waterfront public spaces and America’s Cup Village.

Within Christchurch, there are several key CBD anchor projects underway which should give some certainty to the Cathedral Square area. The Crossing Retail development in the CBD is providing renewed impetus in CBD retail, while the Terraces Hospitality precinct is nearing completion and has a number of tenancies operating. Resource availability within Christchurch remains tight, with demand from other cities drawing resources away from Christchurch as work becomes available.

Wellington’s construction industry is continuing to grow. While various larger projects are nearing completion, there are new projects in the pipeline ready to commence. Major civil projects north of Wellington are gearing up for commencement of the major concrete construction phase. This work will continue for the next two to three years impacting resources across the region. A number of other large building projects are in the later design phases and are likely to come to market during this year.

NEW ZEALAND	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
AUCKLAND	▼	▼	▼	▲	▲	▲	▲
CHRISTCHURCH	▼	▼	▼	▲	▲	▲	▲
WELLINGTON	▲	▲	▲	▲	▼	▼	▲

NP: NOT PUBLISHED

Across New Zealand, skilled labour shortages are being seen within the industry. With historically low investment in technology, plant and training, given the cyclical nature of the industry, shortages of skills and static productivity are some of the major contributors to increased costs and project performance. The construction market has recently seen the failure of Ebert Construction, a main contractor that was placed in receivership with approximately NZD 40 million of debt. Coupled with the withdrawal of Fletcher Construction from the vertical construction market earlier this year, these reductions in available head contractors highlight the significant challenges facing the building industry within a currently buoyant market. Onerous contract conditions and lack of diligence in establishing fixed price contracts within an escalating market, are assumed to be factors that may cause these contractor failures.

Securing appropriate contractors and subcontractors to deliver projects in excess of NZD 100 million in Auckland, continues to be difficult and project timelines are likely to be compromised. Future cost escalation is forecast at 6.0% for 2018. A significant proportion of this increase is within trades with high on-site labour content. Moving forward, escalation is forecast to soften with the expectation that demand will soften, however, this will depend on how the industry responds to its current issues and addresses the skills and labour shortage.

Construction escalation in Christchurch has slowed somewhat, however, there are still a number of major projects commencing or underway. This will continue to put pressure on key trades for the foreseeable future and result in continuing tender price increases. Major and complex projects still see trade related and extraordinary escalation spikes.

Building cost escalation in Wellington continues to outstrip inflation levels by some margin. Subcontract resources are stretched and significant price increases in various trades are being seen due to a lack of competitive tension, rather than market inflation. Many companies are continuing to experience labour shortages, due to a lack of personnel coming into the Wellington market given the strong construction volumes being experienced in most other regions of New Zealand.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
AUCKLAND	6.0	3.5
CHRISTCHURCH	3.0	2.0
WELLINGTON	6.0	4.0

#### RLB TENDER PRICE INDEX

Escalation forecasts for Auckland show steady declines from its peak of 8.0% in 2017. While the Auckland market is currently heated, the expectation is that demand will soften and the industry will re-adjust in response. Forecasts for 2019 to 2022 see Auckland uplifts to float between 2.5% and 3.5%.

Christchurch uplifts for 2019 and onwards are forecast to hover around inflation, at 2.0%.

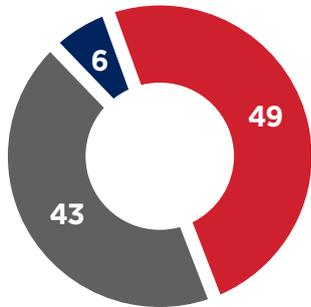
TPI uplifts for Wellington see 2018 being the peak with 6.0%, however, moving forward, steady declines are forecast from 2019 onwards.

NEW ZEALAND	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
AUCKLAND	NZD	3,700	4,900	3,100	4,650	2,850	3,200	1,660	2,050	780	1,060
CHRISTCHURCH	NZD	3,600	4,500	2,750	4,250	2,500	2,800	1,400	1,800	720	1,100
WELLINGTON	NZD	3,800	4,900	3,000	4,700	2,900	3,100	NP	NP	1,000	1,380

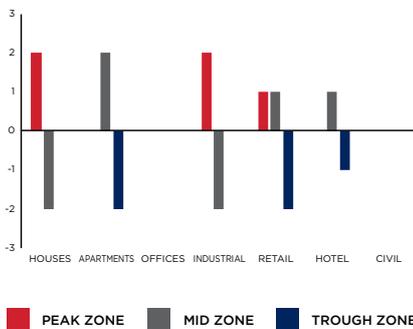
NEW ZEALAND	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
AUCKLAND	NZD	5,700	6,700	4,200	4,750	1,060	1,360	2,300	2,800	3,700	4,900
CHRISTCHURCH	NZD	4,500	5,500	3,800	4,300	850	1,360	1,760	2,200	3,000	4,000
WELLINGTON	NZD	5,000	6,000	4,000	4,500	1,400	1,600	2,800	3,000	3,800	4,700

NP: NOT PUBLISHED

**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
 Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

Market activity in North America continues to expand with 50% of sectors reported in the peak zone and 71% in the growth phase.

For this edition there has been a transition, with sectors moving from the trough zone towards the peak zone.

Growth in the United States expanded at an annual rate of 4.1% in Q2 2018, up from a revised 2.2% in Q1 2018. Economists expected a 4.2% increase and they have been consistently forecasting that the pace of growth will ease in Q3 2018 and into the foreseeable future.

The economy’s second-quarter rise is widely attributed to the lagged impact of USD 1.5 trillion worth of corporate and individual tax cuts signed into law by the President in December, with tax refunds and some wage increases and one-time bonuses, bolstering consumers’ pocketbooks.

Construction employment increased by 19,000 jobs in July, mostly in speciality trade contractors (+14,000) and by 308,000 jobs over the past year, reaching a 10-year high, while the industry’s unemployment rate hit an all-time low, according to the US Bureau of Labor Statistics.

Anecdotally, the increase could be higher if contractors could find qualified candidates to hire. The Y o Y growth rate in industry jobs was almost triple the 1.6% rise in total non-farm payroll employment.

The shortage of skilled and unskilled labor, is one of the key inhibitors of additional growth within the sector. The current administration’s immigration reforms are having a significant impact on the availability of labor within the general US construction economy.

Positive construction spending has been seen over the past twelve months with total construction put in place (CPIP) for H1 2018 up 5.1% over H1 2017. Total non-residential CPIP was up 4.2% and residential spending increased 8.7% for June 2018 on a Y o Y basis.

US home construction rebounded in August at the fastest pace in seven months but applications for new building permits fell, sending mixed signals for an industry that has been struggling with rising costs for lumber, land and labor costs. Low unemployment, increased wages and generally strong overall economic growth should help drive demand for new housing starts into the future.

The US Commerce Department expects continued strength in home construction, driven by stronger employment and a shortage of existing homes for sale.

NORTH AMERICA	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
<b>U.S.A</b>							
BOSTON	▼	▼	▲	▼	▲	▲	▲
CHICAGO	▲	▲	▲	▲	▼	▼	▲
DENVER	▲	▲	▲	▼	▲	▲	▲
HONOLULU	▲	▲	▼	▲	▼	▲	▲
LAS VEGAS	▲	▲	▲	▲	▲	▲	▲
LOS ANGELES	▼	▼	▼	▲	▼	▼	▼
NEW YORK	▼	▼	▲	▼	▲	▲	▲
PHOENIX	▲	▲	▲	▲	▲	▲	▼
PORTLAND	▲	▲	▲	▲	▲	▲	▲
SAN FRANCISCO	▲	▲	▼	▲	▼	▲	▲
SEATTLE	▲	▲	▲	▲	▲	▲	▲
WASHINGTON, D.C.	▲	▼	▲	▼	▼	▲	▲
<b>CANADA</b>							
CALGARY	▲	▼	▼	▼	▲	▲	▲
TORONTO	▼	▲	▲	▲	▼	▲	▲

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## REGIONAL INTELLIGENCE

# NORTH AMERICA

Canada's economy grew by 0.5% in May 2018, according to Statistics Canada. The fastest pace in a year, further evidence of solid expansion even as trade tensions with the US remain a threat.

Construction grew 0.7% in May, increasing the sector's output by 5.0% in the twelve months to May 2018. Residential building construction and repair construction were both up after falling in April.

The world's 10th largest economy is on track for annualised growth of at least 2.0%, after weakness in Q1 2018. Consumer spending is being supported by a strong jobs market and some companies are boosting investment as they reach their capacity limits.

The Trudeau government is in the third year of the CAD 180 billion-plus, 12-year Infrastructure Canada plan. According to BuildForce Canada, construction volumes are expected to grow slightly between 2018 and 2021, with a mixed outlook for individual provinces.

The 2018 Labour Market Information forecast, released by BuildForce Canada, highlights a global challenge being seen in many developed countries. The report highlights, that as many as one quarter of a million construction workers are expected to retire this decade. Bill Ferreira, Executive Director of BuildForce Canada said 'simply put, the industry must remain focused on recruitment, training, and mentoring efforts to prevent a potential huge skills and capacity gap over the next 10 years.'

Both Calgary and Toronto are predicting significantly higher annual TPI rates for 2018 over those seen in 2017.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
BOSTON	4.7	4.4
CALGARY	4.0	2.5
CHICAGO	6.8	4.3
DENVER	4.4	4.1
HONOLULU	2.6	3.3
LAS VEGAS	5.3	4.3
LOS ANGELES	4.4	3.8
NEW YORK	4.1	4.1
PHOENIX	6.5	4.3
PORTLAND	5.6	4.1
SAN FRANCISCO	6.1	4.6
SEATTLE	5.3	4.1
TORONTO	5.2	2.0
WASHINGTON, D.C.	4.3	4.1

### RLB BID PRICE INDEX

Construction costs are forecast to be higher than inflation during 2018 across North America, with ten cities forecasting higher 2018 uplifts over 2017 results.

NORTH AMERICA	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
U.S.A											
BOSTON	USD	300	475	200	300	175	275	125	200	100	175
CHICAGO	USD	280	450	175	280	185	290	135	220	110	185
DENVER	USD	165	255	120	185	90	145	80	175	90	150
HONOLULU	USD	280	520	240	395	205	485	175	425	140	225
LAS VEGAS	USD	140	295	105	190	115	480	65	145	50	100
LOS ANGELES	USD	230	350	170	255	155	340	125	185	115	180
NEW YORK	USD	375	575	300	400	275	425	175	300	115	200
PHOENIX	USD	170	275	120	175	120	200	80	150	55	100
PORTLAND	USD	180	250	130	180	140	240	120	180	90	150
SAN FRANCISCO	USD	210	330	190	300	225	350	225	325	140	190
SEATTLE	USD	215	260	140	200	135	305	110	155	95	125
WASHINGTON, D.C.	USD	275	425	200	300	150	275	125	175	90	150
CANADA											
CALGARY	CAD	235	295	190	285	220	310	110	160	85	145
TORONTO	CAD	195	260	175	250	200	250	105	160	115	150

NORTH AMERICA	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
U.S.A											
BOSTON	USD	375	550	250	375	75	125	90	150	175	300
CHICAGO	USD	400	660	290	410	80	125	125	170	165	400
DENVER	USD	275	360	160	240	55	75	90	120	90	200
HONOLULU	USD	505	730	320	535	100	140	140	260	195	435
LAS VEGAS	USD	350	500	150	300	50	85	60	150	90	405
LOS ANGELES	USD	365	530	275	355	105	125	130	175	200	315
NEW YORK	USD	400	600	300	400	95	175	125	200	200	375
PHOENIX	USD	300	520	150	250	45	70	60	110	90	210
PORTLAND	USD	230	330	150	190	85	105	110	150	150	240
SAN FRANCISCO	USD	400	600	350	500	110	145	175	215	340	450
SEATTLE	USD	245	360	225	240	90	105	135	160	160	270
WASHINGTON, D.C.	USD	350	525	250	350	70	125	80	125	175	300
CANADA											
CALGARY	CAD	300	450	190	245	75	90	75	120	140	215
TORONTO	CAD	300	355	195	260	70	90	115	150	130	205

ALL NORTH AMERICA COSTS ARE \$ PER FT<sup>2</sup>

Park Lane Ala Moana, Honolulu, Hawaii

Architect: Solomon Cordwell Buenz  
Benjamin Woo Architects

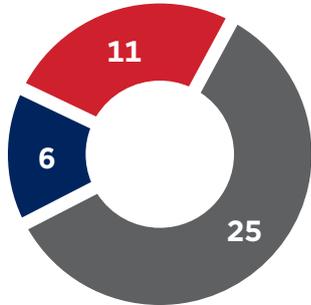


The Beatrice Shilling Building, Royal Holloway University of London, UK

Architect: Stride Treglown



**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
 Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

Relative stability in the market activity cycle for UK cities is suggestive of continuing uncertainty regarding the UK-Europe position as the Article 50 deadline looms in March next year.

Generally, levels of confidence in bringing projects to market have been affected by the economy-wide issues of the unknown outcome, married too with the ongoing question of trade tariffs being brought to bear by the US.

The result is a mixed message of high levels of workload in some areas and sectors, balanced by continuing concerns regarding new work availability, resources availability and cost.

As Brexit Day (29 March 2019) approaches, the urgency of the UK agreeing to a formal deal with the EU intensifies. In early July, the Prime Minister’s model for a successful Brexit drew fire from many corners of the political arena, with calls for everything from a Hard Brexit through to a People’s Vote or a second Referendum. Some business fears may be somewhat assuaged by the PM’s Model, but the economic pressures on Mrs May and the mounting political pressures mean that there is a long way to go in this story.

This absence of certainty, together with the unknowable level of risk, has resulted in many warnings on the part of larger and international enterprises of serious downside risks and of the need for these organisations to plan for the worst contingencies.

In construction, labour availability pressures and related cost concerns head the list of immediate difficulties. London would be particularly affected by a further fall in numbers of available tradespeople and general labour which could arise from an unfavourable outcome of negotiations. Associated effects could also be felt elsewhere across the UK. A softer Brexit solution, with a longer transition, would permit the industry to draw breath and adapt, but whether that is possible remains to be seen.

In relation to projects, the major infrastructure works of Hinckley Power Station and HS2 continue apace. These large engineering projects certainly affect markets locally, with HS2 also having wider impact due to its geographical spread. However, there are mixed messages from the key cities across England regarding overall market impacts.

In London, the residential sector continues to be a major contributor to workload, together with several large-scale commercial office developments and the Crossrail works. However, rising input costs are not showing through to bid-pricing due to competitive pressures across the market.

The early-stage work on HS2 continues in Birmingham, together with some large-scale work at Arena Central, Paradise and Snowhill and a number of larger residential schemes. With Brexit discussions overshadowing government policy development, uncertainty appears to be constraining activity, particularly in the automotive and currently fragile retail sector.

The Bristol area has carried on largely unaffected by the major civils works, focussing more on significant highly labour-intensive residential work such as the Filton redevelopment.

Likewise, the construction sector in Yorkshire is being boosted by the high demand for new housing and a resurgence of residential developments in Leeds city centre, showing 1,586 residential units under construction, the highest since 2008.

UNITED KINGDOM	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
BIRMINGHAM	▲	▲	▲	▲	▼	▲	▲
BRISTOL	▲	▲	▲	▼	▼	▼	▼
LEEDS	▲	▲	▲	▲	▼	▲	▲
LONDON	▲	▲	▲	▲	▼	▲	▲
MANCHESTER	▲	▲	▲	▲	▲	▲	▲
SHEFFIELD	▲	▲	▲	▲	▼	▲	▲

NP: NOT PUBLISHED

Manchester's residential developments continue to fuel its market, together with buoyant hotel and student accommodation sectors. However, issues remain in respect of workload availability for large contractors, resulting in highly competitive bidding for even relatively small projects, despite rising input costs.

With the ongoing commercial development work in Sheffield city centre, there is significant workload in place, but developers remain cautious following-on from the Brexit vote. This is affecting and compressing tender price inflation figures for the region. However, optimism remains as, according to forecasts from the Construction Industry Training Board (CITB), over 9,000 construction jobs will be created in Yorkshire and Humber over the next five years.

The undoubted issue at the forefront of minds at present is the outcome of the Brexit situation. Uncertainty is expected to continue into next year, with concerns regarding all aspects of the production chain. On the one hand, development opportunities may be stayed until the outcome becomes clearer, which will necessarily affect contractors' acquisition of replacement workload. On the other hand, input costs will continue to rise, due to effects ranging from exchange rate fluctuations, to labour availability issues, materials cost and availability concerns.

National uncertainty shows itself at regional and local levels in the form of muted tender price inflation. Tender prices in almost all RLB offices' markets are currently tracking significantly below general consumer or retail price inflation, as they are compressed by competitive pressures being brought to bear on contractors and sub-contractors alike.

Only Bristol is showing a figure for 2018 that is in excess of current CPI, which is reflective of the significant broad-based workload in that market at present.

Elsewhere, competitive pressures are much tighter, with Leeds and Sheffield, for example, recording negative escalation.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
BIRMINGHAM	2.5	2.3
BRISTOL	3.0	3.0
LEEDS	-1.0	4.2
LONDON	1.3	1.0
MANCHESTER	1.0	1.0
SHEFFIELD	-1.5	3.8

#### RLB TENDER PRICE INDEX

Although UK construction output remains high, the outlook is clouded by the outcome of the Brexit negotiations and forthcoming deadline. This is reflected in tender price movements and forecasts, to the effect that building cost inflation is muted.

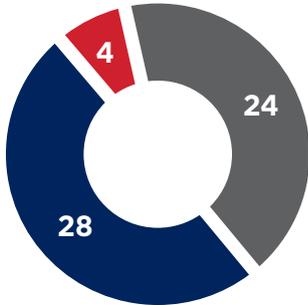
The ongoing input-cost increases infer a build-up of cost pressure that may eventually be released when all becomes clearer. For now though, tender price increases are slender, if they exist at all, in many locations, and in some area can be seen to be in negative territory.

UNITED KINGDOM	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
BELFAST	GBP	1,400	1,960	1,220	1,960	2,200	3,000	680	1,280	285	510
BIRMINGHAM	GBP	1,940	2,850	1,580	2,850	2,900	4,100	910	1,760	420	590
BRISTOL	GBP	2,000	2,900	1,640	2,900	2,850	4,000	900	1,700	410	670
CARDIFF	GBP	1,740	2,450	1,520	2,450	2,700	3,750	850	1,600	360	640
EDINBURGH	GBP	1,820	2,600	1,600	2,600	2,850	3,950	890	1,680	380	680
LONDON	GBP	3,000	3,900	2,700	3,700	3,550	5,000	1,140	2,150	500	900
MANCHESTER	GBP	2,150	2,750	1,820	2,750	3,000	4,200	960	1,800	490	720
SHEFFIELD	GBP	2,050	3,450	1,440	2,500	2,700	3,800	860	1,600	370	680

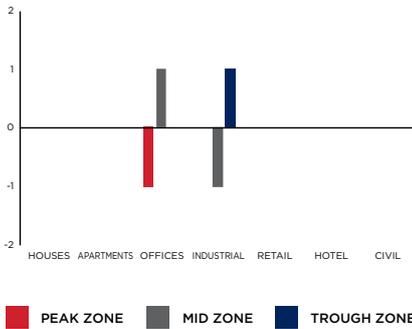
UNITED KINGDOM	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
BELFAST	GBP	1,640	2,250	1,040	1,520	260	520	650	1,120	1,280	1,800
BIRMINGHAM	GBP	2,200	3,150	1,340	2,100	370	710	840	1,440	1,660	2,350
BRISTOL	GBP	2,400	3,200	1,400	1,860	410	820	980	1,540	1,240	1,760
CARDIFF	GBP	2,050	2,800	1,280	1,900	330	640	810	1,400	1,620	2,250
EDINBURGH	GBP	2,150	2,950	1,360	1,980	350	680	850	1,460	1,680	2,400
LONDON	GBP	2,850	3,800	1,900	2,450	460	920	1,220	1,960	2,550	4,450
MANCHESTER	GBP	2,300	3,150	1,540	1,920	560	720	1,080	1,560	1,760	2,550
SHEFFIELD	GBP	2,050	3,200	1,260	1,680	330	980	620	1,020	1,600	2,300

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**MARKET SECTOR ACTIVITY**



NET ZONE MOVEMENT PER SECTOR  
Q2 2018 TO Q4 2018



**RLB MARKET ACTIVITY CYCLE**

Broadly, activity levels in Europe remain unchanged from the last edition. The exception to this is in the case of Ireland, where increased construction activity is now evident in regional areas such as Cork, Limerick and Waterford, areas which were previously slow to pick up after the recession.

All of this additional demand will further increase the pressure on the available pool of already limited resources. Irish activity levels depict this movement, and it is further expressed in the TPI movement forecast for Dublin, the nation’s capital city.

The European economy expanded rapidly in 2017, however, indications are that the rate of growth slowed in the early part of 2018. As is noted by the EU, there are grounds for ongoing optimism, as sound economic fundamentals are backed by existing spare capacity, although some member states may shortly feel the effects of labour and productive capacity constraints.

The Irish construction industry, with its burgeoning commercial, residential and hotel sectors, faces increasingly evident workforce shortages, as the wider Irish economy benefits from job creation and increased business activity.

Across Europe, strong economic performance has gone hand-in-hand with strength in the construction sector, but with attendant resource availability and cost concerns economy-wide this has not yet played-out into rapidly increasing construction cost inflation, but the concern is there nonetheless.

Strong GDP growth in Germany in H2 2017 underpins ongoing general growth and expansion in the construction sector, however, rising wage costs, reflective of developing labour shortages, could give rise to increasing inflationary effects.

In France, strong GDP growth in 2017 gave way to a softening in Q1 2018, but is now being re-visited.

The strong growth of the Dutch economy, and in construction, is expected to continue, as although residential growth may taper, the coalition agreement on uplifting education, health and infrastructure spending should more than compensate in 2018 and 2019.

Modest GDP growth in Belgium is expected to continue, providing a solid base for construction expansion this year and next, particularly as large public sector investments in infrastructure and defence are set to balance the more moderate development of the housing market.

Robust Spanish GDP growth in 2017 was forecast to be continued this year, bringing with it ongoing expansion in the construction sector. A diminution in residential work will be replaced by publicly funded infrastructure projects, this year and into 2019.

Portugal experienced strong GDP and employment growth in 2017, which is expected to continue this year and next. While general growth will remain strong, Portugal’s construction sector may soon feel the effects of a rapidly diminishing pool of skilled and unskilled labour.

In Italy, growth of 1.5% last year will likely be matched this year, with a softening in 2019. Despite continuing growth, Italy’s labour market continues to carry spare capacity, which is keeping a lid on wage and salary growth.

Austria’s GDP growth rate almost doubled last year, and is expected to continue on this upward trajectory this year before pausing in 2019. However, in construction, investment is expected to fall due to a reduction in immigrant inflows and falling population growth.

IRELAND & MAINLAND EUROPE	HOUSES	APARTMENTS	OFFICES	INDUSTRIAL	RETAIL	HOTEL	CIVIL
AMSTERDAM	▲	▲	▼	▲	▲	▲	▼
BERLIN	▲	▲	▼	▼	▲	▲	▲
DUBLIN	▲	▲	▲	▼	▲	▲	▼
MADRID	▲	▲	▲	▲	▲	▲	▼
MILAN	▼	▼	▼	▲	▼	▼	▼
MOSCOW	▲	▲	▼	▲	▼	▼	▲
OSLO	▲	▲	▲	▲	▲	▲	▲
PARIS	▲	▲	▲	▲	▲	▼	▲

NP: NOT PUBLISHED

In Hungary, strong economic growth from 2017 is continuing, but may slow in 2019. Construction is a key focus in the Hungarian economy and capacity constraints will hamper continuing development, although fiscal expansion will balance that effect to some extent.

Given that the Republic of Ireland is the sole EU country that could face a hard 'Brexit' border with the UK, the negative impact that could result to the Irish economy remains a concern. That aside, Ireland's construction sector is expected to maintain its momentum, on the back of it having been the fastest-growing economy in Europe in 2017.

Elsewhere in Europe, the respective economies face varying expectations of general economic inflation, within the bounds of fairly constrained economic expansion. Key features are the quantum of public sector spend that is available to stimulate the respective economy, and the built response to population expansion. Always, in the background, remain capacity and general labour constraints due to skilled and unskilled labour shortages, despite the existence in some countries of significant unemployment levels.

Construction cost escalation in Europe at present covers a wide spread of levels from some negative figures right through to the stand-out Irish and Hungarian figures.

Levels of building cost inflation below local CPI levels are generally indicative of contractors and sub-contractors experiencing significant difficulty in filling order books with replacement work, as projects near completion. At the other end of the scale, construction cost inflation significantly in excess of general inflation indicates either very large volumes of available workload, or significant shortages in available resources, particularly labour.

Such labour shortages, which are evident across many of the European economies, inevitably give rise to discussion about off-site manufacture and alternative, less labour-intensive construction forms, as is the case in Europe at present, and in the UK.

Additionally, labour shortages have re-established the focus on training and apprenticeship systems, in order to increase access to and attraction of working in the construction industry, but shortages remain an ongoing problem.

% TPI FORECAST		
DESTINATION	2018 (F)	2019 (F)
BERLIN	2.0	2.0
BUDAPEST	8.0	8.0
DUBLIN	7.2	7.5
MADRID	0.1	0.1
MOSCOW	1.5	1.5
WARSAW	1.2	NP

#### RLB TENDER PRICE INDEX

Tender price index uplift levels are broadly in line with those previously forecast.

Higher escalation levels can be seen in Hungary and Ireland, both of which have recovered strongly after the downturn.

Further development of other European economies is linked closely with the ongoing economic and political outcomes, not only in Europe, but globally, as global links feed into domestic demand.

IRELAND & MAINLAND EUROPE	LOCAL CURRENCY	OFFICE BUILDING				RETAIL				INDUSTRIAL	
		PREMIUM OFFICES		GRADE A		MALL		STRIP SHOPPING		WAREHOUSE	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
AMSTERDAM	EUR	1,320	1,680	960	1,420	760	960	610	810	380	540
BERLIN	EUR	1,380	1,800	1,000	1,180	1,160	1,480	850	1,060	370	740
BUDAPEST	EUR	1,260	1,560	960	1,360	1,360	1,880	630	1,260	420	550
DUBLIN	EUR	2,500	2,800	2,300	2,500	3,150	3,300	1,160	1,500	600	750
MADRID	EUR	910	1,520	810	1,160	1,920	2,650	1,420	1,920	610	810
MOSCOW	EUR	1,520	2,050	1,320	1,620	1,720	2,150	1,220	1,520	510	610
OSLO	EUR	2,900	3,750	2,250	2,900	1,820	2,400	1,460	1,900	1,600	2,100
PARIS	EUR	1,320	1,320	2,500	2,800	1,560	2,350	1,220	1,560	NP	2,150
VIENNA	EUR	1,880	2,350	1,400	1,720	1,820	2,250	1,020	1,180	590	750

IRELAND & MAINLAND EUROPE	LOCAL CURRENCY	HOTELS				CAR PARKING				RESIDENTIAL	
		5 STAR		3 STAR		MULTI STOREY		BASEMENT		MULTI STOREY	
		LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH	LOW	HIGH
AMSTERDAM	EUR	1,520	1,920	1,220	1,520	410	610	660	1,020	860	1,380
BERLIN	EUR	2,050	2,800	1,380	1,800	480	690	800	1,060	1,000	1,440
BUDAPEST	EUR	1,420	2,050	840	1,200	370	520	470	680	680	990
DUBLIN	EUR	2,600	3,000	2,300	2,500	650	800	950	1,600	1,800	2,000
MADRID	EUR	1,960	2,650	1,360	1,820	710	910	810	1,220	710	1,020
MOSCOW	EUR	2,850	3,550	1,720	2,250	440	560	810	1,020	1,220	1,520
OSLO	EUR	4,000	5,200	3,000	3,900	700	890	900	1,180	2,450	3,200
PARIS	EUR	4,050	4,500	NP	NP	NP	NP	890	NP	2,400	2,500
VIENNA	EUR	3,050	3,450	1,720	2,200	540	590	1,180	1,340	1,500	1,780

NP: NOT PUBLISHED

## REGIONAL INTELLIGENCE

# KEY GLOBAL DATA

<b>SOUTH AFRICA</b>	<b>2017</b>	<b>2018 (F)</b>	<b>2019 (F)</b>	<b>2020 (F)</b>	<b>2021 (F)</b>	<b>2022 (F)</b>
GDP	1.3 %	1.5 %	1.7 %	1.8 %	1.8 %	1.8 %
GDP PER CAPITA - ZAR	R 55,286	R 55,238	R 55,298	R 55,413	R 55,528	R 55,659
EXCHANGE RATE	NA	14.89	15.58	16.28	17.13	NA
PPP RATE	6.08	6.25	6.45	6.67	6.90	7.16
INFLATION	5.3 %	5.3 %	5.3 %	5.5 %	5.5 %	5.5 %
UNEMPLOYMENT	27.5 %	27.9 %	28.3 %	28.6 %	28.7 %	28.9 %
<b>SUB SAHARAN AFRICA</b>						
GDP	2.8 %	3.4 %	3.7 %	3.8 %	3.9 %	3.9 %
GDP PER CAPITA (INT \$)	3,947	4,068	4,200	4,333	4,472	4,606
INFLATION	11.0 %	9.5 %	8.9 %	8.6 %	7.9 %	7.6 %
<b>MIDDLE EAST &amp; NORTH AFRICA</b>						
GDP	2.2 %	3.2 %	3.6 %	3.5 %	3.4 %	3.5 %
GDP PER CAPITA (INT \$)	18,604	19,239	19,966	20,655	21,357	22,059
INFLATION	6.6 %	8.7 %	7.1 %	6.4 %	5.9 %	5.8 %
<b>CHINA</b>						
GDP	6.9 %	6.6 %	6.4 %	6.3 %	6.0 %	5.7 %
GDP PER CAPITA - CNY	¥57,352	¥60,811	¥64,412	¥68,153	¥71,968	¥75,813
EXCHANGE RATE	6.51	6.89	6.96	7.00	7.06	7.11
PPP RATE	3.51	3.51	3.52	3.53	3.54	3.55
INFLATION	1.6 %	2.5 %	2.6 %	2.7 %	2.8 %	2.8 %
UNEMPLOYMENT	3.9 %	4.0 %	4.0 %	4.0 %	4.0 %	4.0 %
<b>HONG KONG</b>						
GDP	3.8 %	3.6 %	3.2 %	3.1 %	3.1 %	3.0 %
GDP PER CAPITA - HKD	\$343,220	\$352,759	\$360,982	\$369,160	\$378,451	\$387,704
EXCHANGE RATE	7.85	7.85	7.85	7.85	7.80	7.77
PPP RATE	5.85	5.88	5.84	5.81	5.79	5.79
INFLATION	1.5 %	2.2 %	2.1 %	2.2 %	2.4 %	2.6 %
UNEMPLOYMENT	3.1 %	3.1 %	3.1 %	3.1 %	3.1 %	3.1 %
<b>SINGAPORE</b>						
GDP	3.6 %	2.9 %	2.7 %	2.6 %	2.6 %	2.6 %
GDP PER CAPITA - SGD	\$75,314	\$76,863	\$78,262	\$79,639	\$81,026	\$82,446
EXCHANGE RATE	1.34	1.37	1.37	1.37	1.33	1.48
PPP RATE	0.85	0.84	0.82	0.81	0.80	0.79
INFLATION	0.6 %	1.2 %	1.0 %	1.0 %	1.0 %	1.1 %
UNEMPLOYMENT	2.2 %	2.1 %	2.1 %	2.1 %	2.1 %	2.1 %
<b>ASEAN-5</b>						
GDP	5.3 %	5.3 %	5.4 %	5.4 %	5.4 %	5.4 %
GDP PER CAPITA (INT \$)	12,330	13,122	13,959	14,824	15,734	16,672
INFLATION	3.1 %	3.2 %	2.9 %	3.0 %	2.9 %	2.9 %

### NOTES

Forecasts for years after 2017 (F).

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

Euro Area comprises 19 countries: Austria, Belgium, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Lithuania, Luxembourg, Malta, Netherlands, Portugal, Slovak Republic, Slovenia, and Spain.

Asean-5 comprises 5 countries: Indonesia, Malaysia, Philippines, Thailand, and Vietnam.

Latin America and Caribbean comprises 32 countries: Antigua and Barbuda, Argentina, The Bahamas, Barbados, Belize, Bolivia, Brazil, Chile, Colombia, Costa Rica, Dominica, Dominican Republic, Ecuador, El Salvador, Grenada, Guatemala, Guyana, Haiti, Honduras, Jamaica, Mexico, Nicaragua, Panama, Paraguay, Peru, St. Kitts and Nevis, St. Lucia, St. Vincent and the Grenadines, Suriname, Trinidad and Tobago, Uruguay, and Venezuela.

Middle East and North Africa comprises 21 countries: Algeria, Bahrain, Djibouti, Egypt, Iran, Iraq, Jordan, Kuwait, Lebanon, Libya, Mauritania, Morocco, Oman, Qatar, Saudi Arabia, Somalia, Sudan, Syria, Tunisia, United Arab Emirates, and Yemen.

Sources: Economic data & historical exchange rates - International Monetary Fund World Economic Outlook Database (Apr 18),

Forecast exchange rates - Scotiabank, Deutsche Bank, CME Group

## REGIONAL INTELLIGENCE

# KEY GLOBAL DATA

AUSTRALIA	2017	2018 (F)	2019 (F)	2020 (F)	2021 (F)	2022 (F)
GDP	2.3 %	3.0 %	3.1 %	2.9 %	2.7 %	2.6 %
GDP PER CAPITA - AUD	\$69,317	\$70,278	\$71,338	\$72,277	\$73,059	\$73,817
EXCHANGE RATE	1.28	1.37	1.37	1.36	1.36	1.35
PPP RATE	1.44	1.44	1.44	1.43	1.44	1.45
INFLATION	2.0 %	2.2 %	2.4 %	2.5 %	2.5 %	2.5 %
UNEMPLOYMENT	5.6 %	5.3 %	5.2 %	5.0 %	5.0 %	5.0 %
<b>NEW ZEALAND</b>						
GDP	3.0 %	2.9 %	2.9 %	3.0 %	2.9 %	2.5 %
GDP PER CAPITA - NZD	\$49,850	\$50,225	\$50,656	\$51,246	\$51,855	\$52,369
EXCHANGE RATE	1.41	1.52	1.52	1.51	1.50	1.50
PPP RATE	1.50	1.52	1.52	1.53	1.54	1.55
INFLATION	1.9 %	1.7 %	2.1 %	2.0 %	2.0 %	2.0 %
UNEMPLOYMENT	4.7 %	4.5 %	4.6 %	4.5 %	4.4 %	4.4 %
<b>USA</b>						
GDP	2.3 %	2.9 %	2.7 %	1.9 %	1.7 %	1.5 %
GDP PER CAPITA - USD	\$52,461	\$53,580	\$54,571	\$55,144	\$55,639	\$56,016
EXCHANGE RATE	1.00	1.00	1.00	1.00	1.00	1.00
PPP RATE	1.00	1.00	1.00	1.00	1.00	1.00
INFLATION	2.1 %	2.5 %	2.4 %	2.1 %	2.0 %	2.1 %
UNEMPLOYMENT	4.4 %	3.9 %	3.5 %	3.4 %	3.6 %	3.6 %
<b>CANADA</b>						
GDP	3.0 %	2.1 %	2.0 %	1.8 %	1.8 %	1.6 %
GDP PER CAPITA - USD	\$50,615	\$51,039	\$51,582	\$52,026	\$52,464	\$52,835
EXCHANGE RATE	NA	1.31	1.30	1.30	1.29	1.29
PPP RATE	1.21	1.21	1.21	1.21	1.21	1.22
INFLATION	1.6 %	2.2 %	2.2 %	2.1 %	2.1 %	2.1 %
UNEMPLOYMENT	6.3 %	6.2 %	6.2 %	6.2 %	6.3 %	6.4 %
<b>LATIN AMERICA AND THE CARRIBEAN</b>						
GDP	1.3 %	2.0 %	2.8 %	2.8 %	2.8 %	2.8 %
GDP PER CAPITA (INT \$)	15,785	16,285	16,926	17,568	18,232	18,889
INFLATION	4.1 %	3.6 %	3.5 %	3.5 %	3.4 %	3.4 %
<b>UNITED KINGDOM</b>						
GDP	1.8 %	1.6 %	1.5 %	1.5 %	1.6 %	1.6 %
GDP PER CAPITA - GBP	£29,669	£29,963	£30,245	£30,557	£30,893	£31,273
EXCHANGE RATE	0.74	0.78	0.77	0.75	0.74	0.73
PPP RATE	0.70	0.70	0.69	0.69	0.69	0.69
INFLATION	2.7 %	2.7 %	2.2 %	2.0 %	2.0 %	2.0 %
UNEMPLOYMENT	4.4 %	4.4 %	4.5 %	4.5 %	4.5 %	4.5 %
<b>EURO AREA</b>						
GDP	2.3 %	2.4 %	2.0 %	1.7 %	1.5 %	1.5 %
EXCHANGE RATE	0.83	0.88	0.85	0.83	0.83	NA
INFLATION	1.5 %	1.5 %	1.6 %	1.8 %	2.0 %	2.1 %
UNEMPLOYMENT	9.1 %	8.4 %	8.1 %	7.8 %	7.5 %	7.4 %

### NOTES

Forecast exchange rates for 2018 and beyond have been calculated using the 12, 24, 36 and 48 month forward bid rates as published on the 24th August 2018.

GDP, PPP, inflation and unemployment rates have been compiled from the IMF World Economic Outlook (WEO) databases as at April 2018. In January and July of each year an update is released, which updates previous indicator forecasts, however, the WEO databases are not updated with this revised information. Some economic statistics referenced within the body of this International Report reflect the WEO update published in July 2018 and may not align with the table above.

# INDEPENDENT CONSULTANTS, LOCAL KNOWLEDGE AND EXPERTISE, GLOBAL NETWORK

For more detailed country, city or sector information that is published within the International Report please review our regional or country specific publications. All publications are available from **rlb.com** or for a hard copy please contact your local office.

A listing of our publications are:

## REGIONAL

Americas - Caribbean

Gulf States

Hong Kong & China

North America

Oceania

## COUNTRY SPECIFIC

China

Kuala Lumpur

Jakarta

New Zealand

Singapore

United Kingdom

## SECTOR SPECIFIC

EMEA Hotels Monitor

Latin America & Caribbean Hotels Monitor

## RIDERS DIGESTS

Riders Digest - Australian States (6 of 6)

Riders Digest - New Zealand

Riders Digests - Philippines

Riders Digest - Singapore

Riders Digest - UK

Riders Digest - USA

## GLOSSARY OF TERMS USED IN THIS PUBLICATION

<b>billion</b>	Billions (10 <sup>9</sup> )
<b>CPI</b>	Consumer Price Index
<b>CY</b>	Calendar Year ( 1 January - 31 December)
<b>FY</b>	Financial Year (1 July - 30 June)
<b>GDP</b>	Gross Domestic Product
<b>IMF</b>	International Monetary Fund
<b>m o m</b>	month on month
<b>million</b>	Millions (10 <sup>6</sup> )
<b>Q1</b>	First Quarter (1 January - 31 March)
<b>Q2</b>	Second Quarter (1 April - 30 June)
<b>Q3</b>	Third Quarter (1 July - 30 September)
<b>Q4</b>	Fourth Quarter (1 October - 31 December)
<b>RBA</b>	Reserve Bank of Australia
<b>TPI</b>	RLB Tender Price Index
<b>y o y</b>	year on year
<b>H1</b>	First Half Year (1 January - 30 June)
<b>H2</b>	Second Half Year (1 July - 31 December)

## BUILDING COST RANGE NOTES

Generally all rates are in national currency per square metre of Gross Floor Area except as follows:

- North Asian cities - rates are per square metre of Construction Floor Area, measured to outer face of external walls.
- South Asian cities - 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.
- For both North Asian and South Asian cities all hotel rates are inclusive of Furniture Fittings and Equipment (FF&E).
- North America building costs are national currency per square foot.

## SOURCES OF INFORMATION - INTERNATIONAL REPORT

Information contained within this report has been compiled from numerous global sources and RLB offices.

Certain data contained within the report has been compiled from information published by organisations and is noted within the text of the report.

Disclaimer: While the information in this publication is believed to be correct at the time of publishing, no responsibility is accepted for its accuracy. Persons desiring to utilise any information appearing in the publication should verify its applicability to their specific circumstances. Cost information in this publication is indicative and for general guidance only and is based on rates as at September 2018.

# OFFICES AROUND THE WORLD

## AFRICA

### Botswana

Gaborone

### Mauritius

Saint Pierre

### Mozambique

Maputo

### South Africa

Cape Town

Durban

Johannesburg

Pretoria

Stellenbosch

## ASIA

### North Asia

Beijing

Chengdu

Chongqing

Dalian

Guangzhou

Guiyang

Haikou

Hangzhou

Hong Kong

Jeju

Macau

Nanjing

Nanning

Seoul

Shanghai

Shenyang

Shenzhen

Tianjin

Wuhan

Wuxi

Xiamen

Xian

Zhuhai

### South Asia

Bacolod

Bohol

Cagayan de Oro

Cebu

Davao

Ho Chi Minh City

Iloilo

Jakarta

Kuala Lumpur

Laguna

Metro Manila

Singapore

Yangon

## AMERICAS

### Caribbean

Barbados

Cayman Islands

St. Lucia

### North America

Austin

Boston

Calgary

Chicago

Denver

Hilo

Honolulu

Las Vegas

Los Angeles

Maui

New York

Orlando

Phoenix

Portland

San Francisco

San Jose

Seattle

Toronto

Tucson

Waikoloa

Washington DC

## EUROPE

### United Kingdom

Birmingham

Bristol

Cumbria

Leeds

Liverpool

London

Manchester

Sheffield

Thames Valley

Warrington/Birchwood

### RLB | Euro Alliance

Austria

Belgium

Bulgaria

Croatia

Czech Republic

Denmark

Finland

France

Germany

Greece

Hungary

Ireland

Italy

Luxembourg

Montenegro

Netherlands

Norway

Poland

Portugal

Russia

Serbia

Spain

Sweden

Turkey

## MIDDLE EAST

### Oman

Muscat

### Qatar

Doha

### Saudi Arabia

Riyadh

### United Arab Emirates

Abu Dhabi

Dubai

## OCEANIA

### Australia

Adelaide

Brisbane

Cairns

Canberra

Coffs Harbour

Darwin

Gold Coast

Melbourne

Newcastle

Perth

Sunshine Coast

Sydney

Townsville

### New Zealand

Auckland

Christchurch

Hamilton

Palmerston North

Queenstown

Tauranga

Wellington

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