CONSULT AUSTRALIA

Market conditions report

2025

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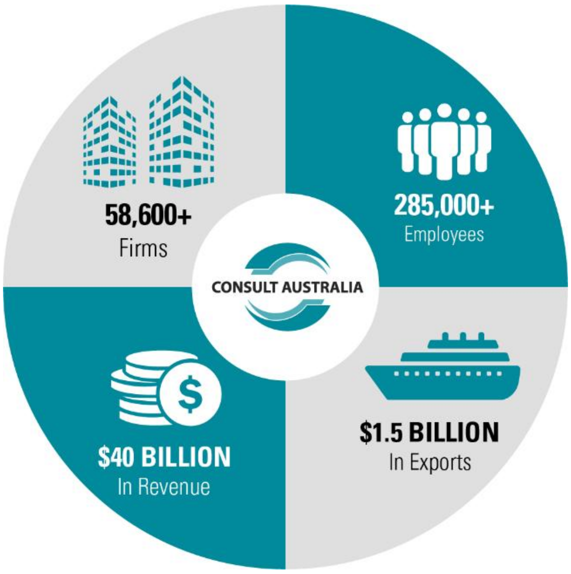
About us



Consult Australia is the industry association representing consulting businesses in design, advisory and engineering, an industry comprised of over 58,600 businesses across Australia. This includes some of Australia's top 500 companies and many small businesses (97%). Our members provide solutions for individual consumers through to major companies in the private sector and across all tiers of government. Our industry directly employs over 285,000 people in architectural, engineering and technical services and many more in advisory and business support. It is also a job creator for the Australian economy; the services we provide unlock many more jobs across the construction industry and the broader community.

Our members include:

Our full membership is available online here.

We thank member businesses for their ongoing support of Consult Australia and participation in this survey to help shape our policy and advocacy agenda.

Market conditions report

To ensure our advocacy is member-led and evidence-based, Consult Australia surveys members on current business capacity, staffing impacts, market confidence as well as anticipated challenges. The survey results inform our future advocacy and call for reform that support a stronger industry.

Our unrelenting focus is on better procurement practices, supporting the development of the industry, and uplifting productivity of the economy as well as our member businesses. This includes action on business-critical issues such as the availability and affordability of professional indemnity insurance and avenues for more certainty in the forward pipeline of work to provide continuity of work. There is no other source of data on these issues so critical to the success of our industry.

Key results

It is clear that **available work has reduced** with 'not enough work' reported in almost all sectors and significantly less sectors reporting 'too much work'.

Ongoing pipeline changes have meant that 51% of businesses **further redeployed staff** to alternative projects and 43% made **further resource cuts**.

Salaries were reported as the **most rapidly increasing cost** for businesses in the last 12 months

43% of member businesses report a **higher risk environment** now when compared to 12 months ago.

Despite positive signs in availability, 57% of respondents report **increasing premium costs for PI insurance**.

Almost all respondents (97%) across all sectors have **capacity now and within 6 months** because of pipeline and project uncertainty.

Reflecting on the past year, **escalating business costs** and **pipeline uncertainty** were the top business challenges.

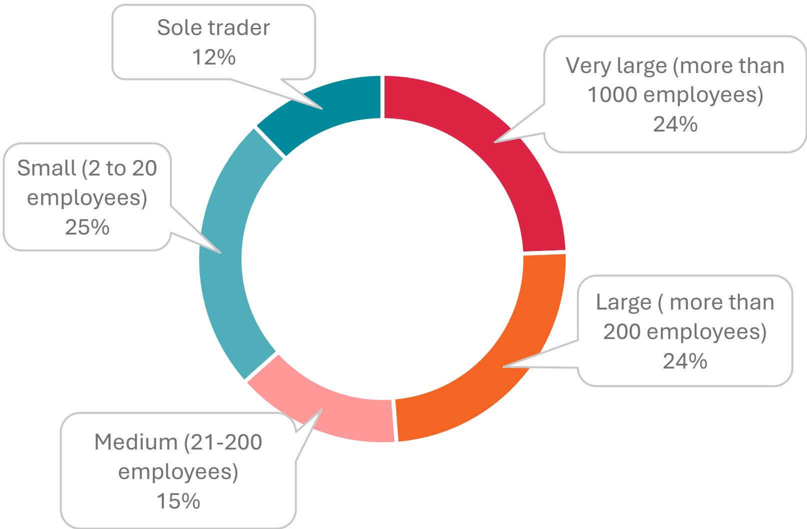
68% of member businesses are dealing with **increasing business compliance costs** for professional registration and licencing and insurance

62% of respondents identified **digital, data and AI skills** as priority emerging skill needs for the next 3 years

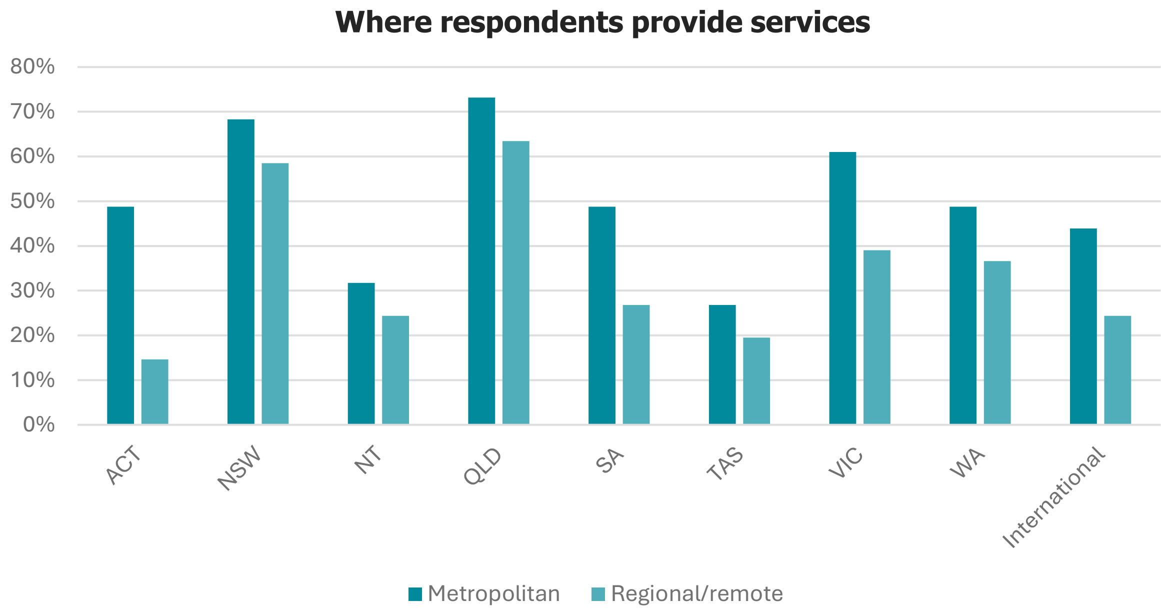
Survey results

Business size, location, sectors, and clients

The 2025 survey was completed by 41 member businesses, with a much stronger response from the large business sector compared to last year. The respondent businesses together employ over 29,070 people.[1]



The participating member businesses operate across Australia and internationally. Most of the work is concentrated in metropolitan areas, along with strong activity in regional NSW and QLD over the last 12 months.

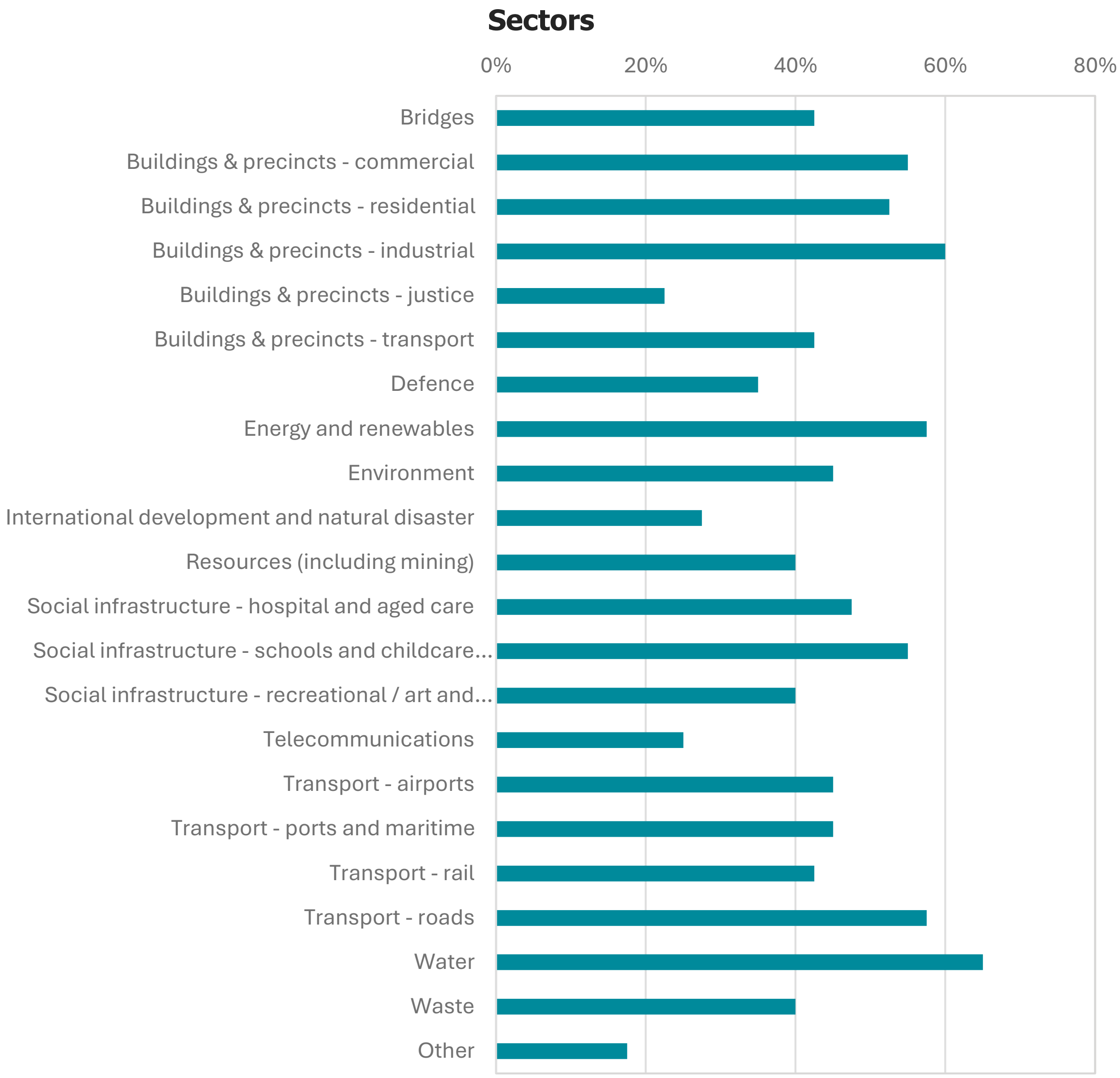


[1] Employee figures based on information supplied as of 1 July 2025.

Respondent businesses operate across a wide variety of sectors, as demonstrated below. Pipeline and project changes impact sector participation. Most respondents (65%) operate in the 'water' sector , with participation in transport sectors decreasing across all categories, compared to the [2024 Confidence and Continuity survey]. In addition to 'water', the sectors with the strongest results (over 50% of responses) were:

- Buildings – residential (53%), commercial (55%) and industrial (60%)
- Energy and renewables (excluding mining) (58%)
- Social infrastructure – schools and childcare (55%)
- Transport – roads (58%).

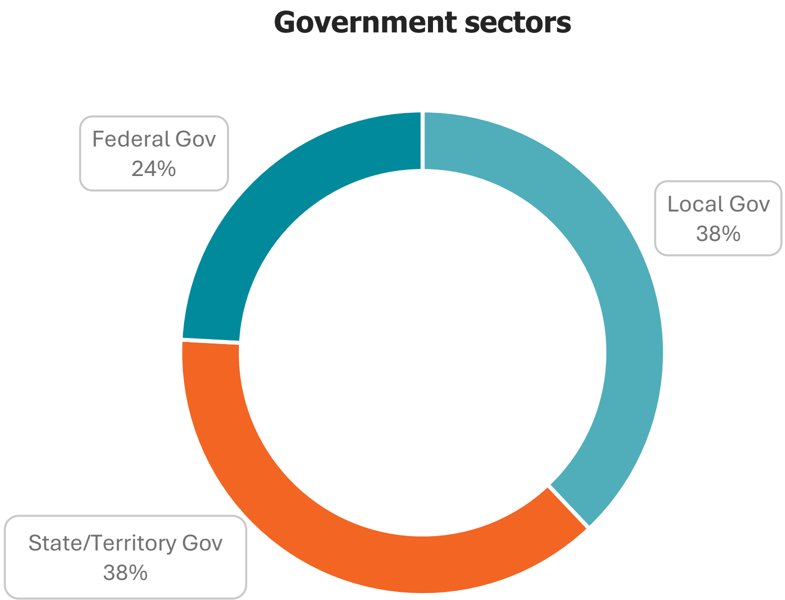
The 'Other' category, where 18% of members operate, included strategy and legal advisory, compliance, advanced manufacturing, and land development.



We asked members to advise on the type of clients they work with to help us in our advocacy activities across the supply chain. All respondents had private sector clients which is unsurprising, as even on government projects, consultants are often sub-contracted via private sector entities (either by other consultants or constructors).

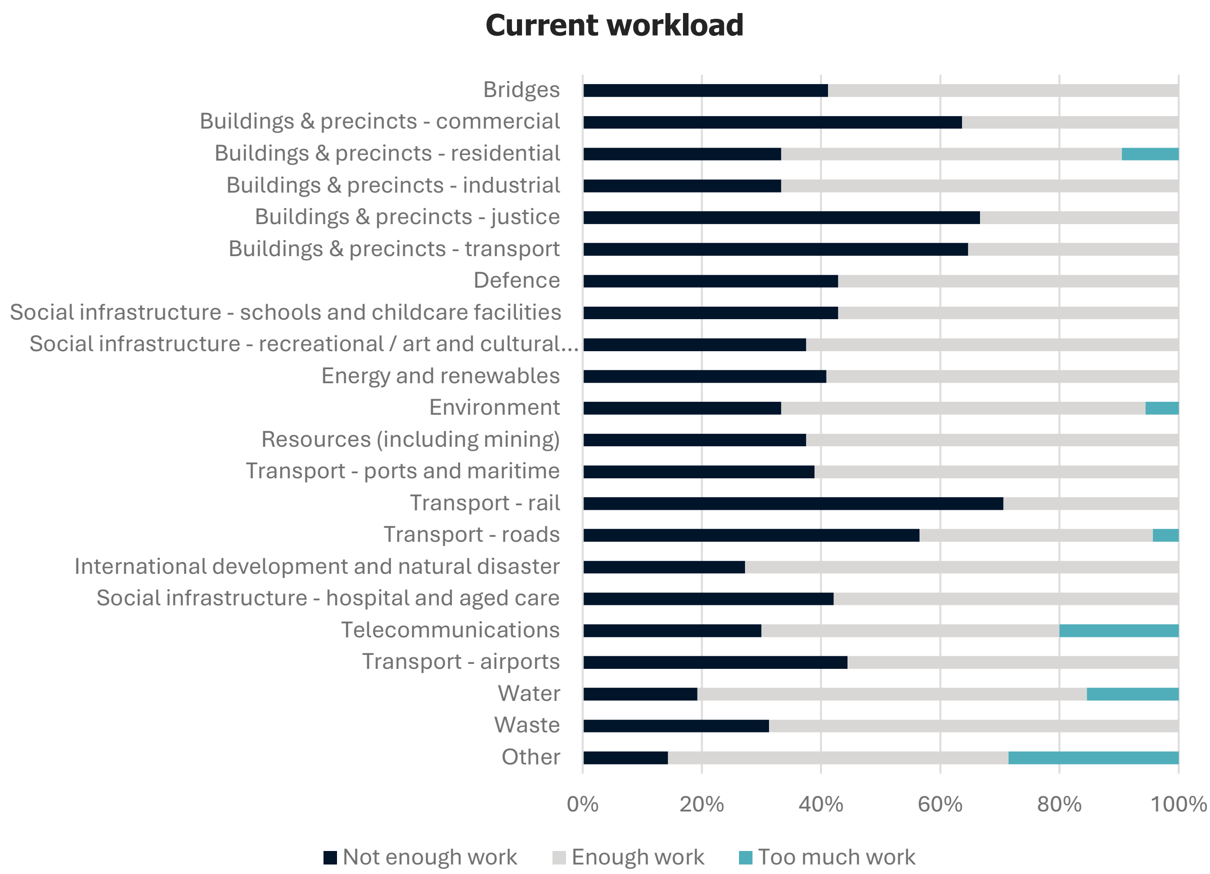
Most members (90%) also had Australian government entities as a client. The breakdown between local, state/territory and federal government is shown in the graph below, with equal number of respondents working with state/territory and local government.

Overseas government entities were noted as clients by 34% of respondents with 46% working to overseas private entities.



Current workload

Based on the sectors identified above, businesses were asked to report if they currently have 'not enough work', 'enough work' or 'too much work'.



While a proportion of respondents in all sectors said they have 'enough work', it is worth noting that in almost all sectors a growing proportion of respondents do not have enough work, compared to our 2024 Confidence and Continuity report. This is particularly so in the rail sector (71%), justice building sectors (67%), transport buildings sector (65%), commercial buildings sector (64%) and roads (57%).

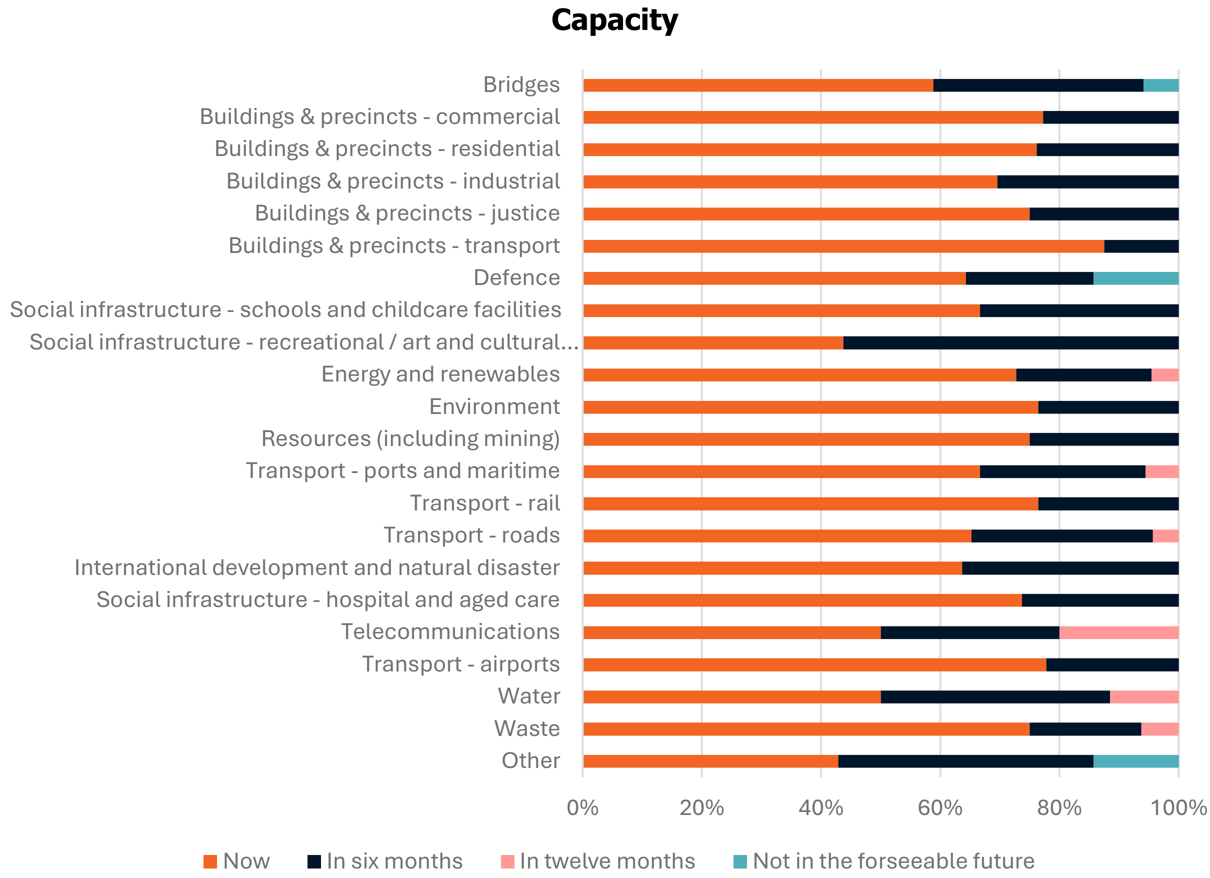
There is also a significant reduction in the number of sectors where respondents have 'too much work', changing from 17 sectors in 2024 to only six sectors in 2025.

Having some current capacity in one sector allows a business to bid on and take on other projects in other sectors. If available work diminishes across multiple sectors, businesses struggle to maintain staff through redeployment and instead need to make cuts.

Looking at the overall results, these trends are amplified from the results of our 2024 Confidence and Continuity survey, and are a reversal to the situation in our 2023 Capacity Crunch report which had more respondents experiencing 'too much work' across all sectors.

Capacity

Respondents were asked when they expect to have capacity in each of the sectors– now, in 6 months, in 12 months, or not in the foreseeable future. 97% of all respondents across all sectors reportedly have capacity either now or in the next six months. In 2024, 77% of all respondents indicated capacity in the next six months. This shows an increase in available capacity across all sectors, likely related to the increased uncertainty in the future pipeline of work.



For member businesses, uncertainty of the pipeline makes it challenging to hold resources and/or invest in capability. Where member businesses work across jurisdictions, workforces are managed nationally, and pipeline coordination is important as members look across sectors for opportunities to support their business.

'Overall global uncertainty and high debt levels in multiple jurisdictions make it likely that pipeline uncertainty will persist for some time.'

Survey Respondent

Challenges and risks

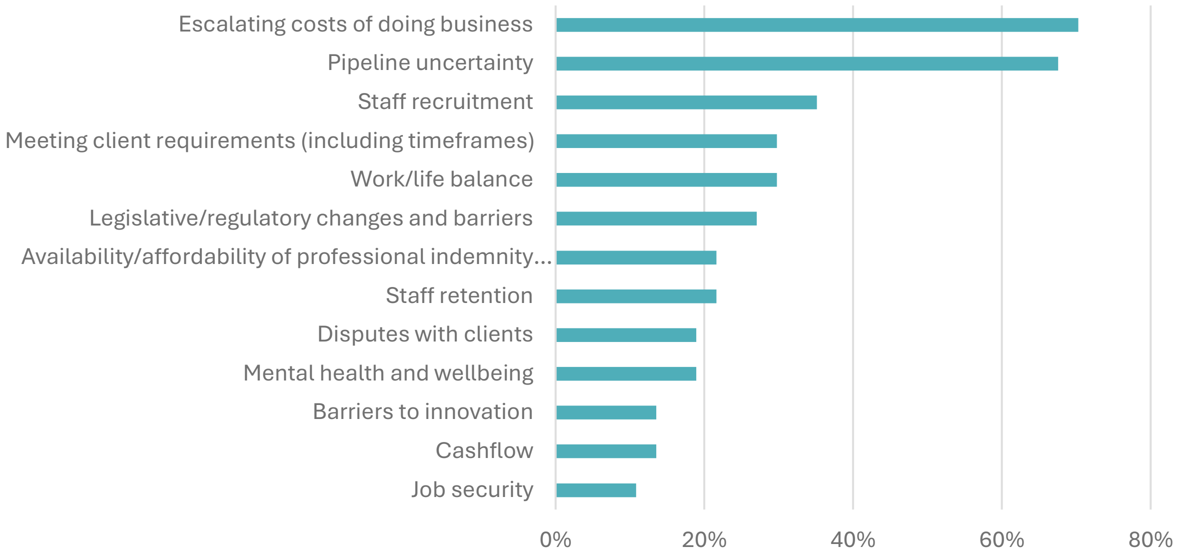
Member businesses were asked to report the biggest challenges experienced by their business in the last 12 months. Matching 2024 responses, the leading response continues to be the 'escalating costs of doing business' (70%), then 'pipeline uncertainty' (68%), and then 'staff recruitment' (35%).

'There is a constant shifting of legislation and amendments to existing legislation, additional taxes and levies that makes it virtually impossible to predict business impacts with any certainty.'

Survey Respondent

The proportion of respondents identifying 'pipeline uncertainty' as a challenge has increased from 57% in 2024 to 68% this year, whilst 'staff recruitment' decreased from 51% in 2024 to 35% this year, which correlates with changes in current workload and capacity.

Biggest challenges experienced in the last 12 months



43% of member businesses reported a higher risk environment when compared to 12 months ago.

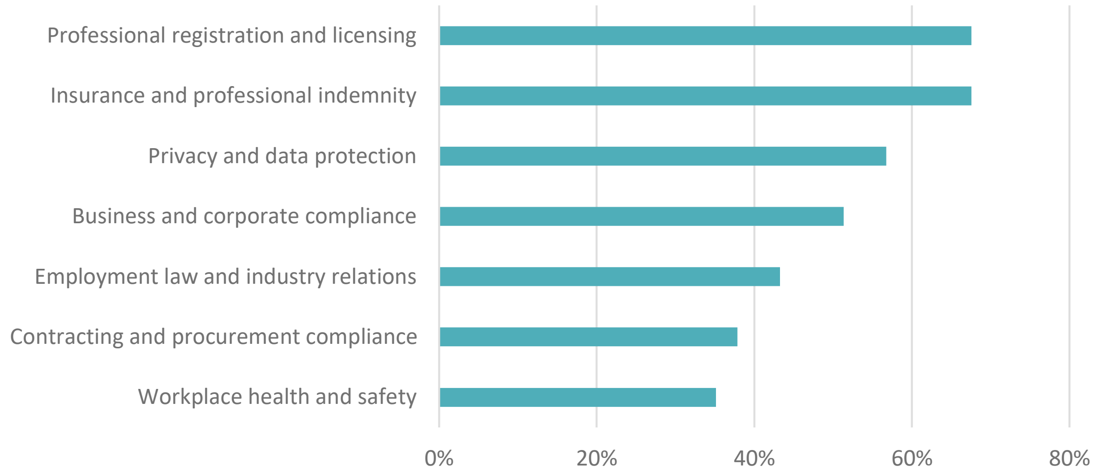
'We are spending more time producing less simply due to over regulation and lip service when it comes to supporting development. This is compounded by challenges in supply chain risk management, limited options and costs of professional indemnity insurance and labour market constraints.'

Survey Respondent

Escalating business costs

To drill down further, we surveyed respondents on business operating costs and fees. The most rapidly increasing cost for businesses in the last twelve months was salaries (48% of respondents). Increasing costs in information technology, insurance and regulation/compliance were also noted.

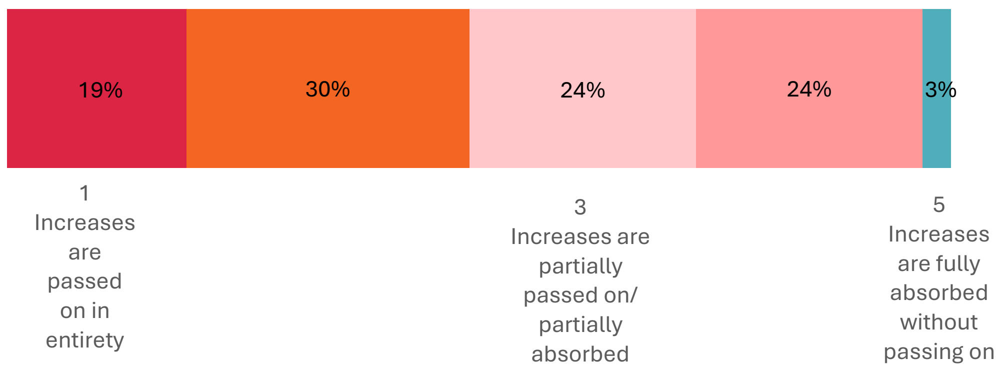
Areas of increasing business compliance costs



When asked about fees, 84% of respondents had increased their fees in the last twelve months, with the majority (78%) raising fees by less than 15%. Of those around 19% used the consumer price index as their fee increase.

We asked members using a scale of 1-5 to indicate if costs increases were passed on in entirety (1) or fully absorbed without passing on (5). The results show different practices, but only 19% are passing on increases entirely, the rest are absorbing increases to some degree.

Treatment of cost increases



On business compliance, we asked members to identify areas where there are increasing costs. Most respondents (68%) equally identified 'professional registration and licensing' and 'insurance and professional indemnity'.

People and skills

Most respondents (49%) reported a voluntary turnover rate of between 10 to 20%, largely consistent with 2024 (50%). Around 38% noted voluntary turnover rates of 'lower than 10%'.

Businesses were asked to report if they have experienced further redeployment of staff to alternative projects or resource cuts due to changed circumstances in pipeline, whether that be government funding or commitments.

51% of businesses **further redeployed staff** to alternative projects due to changed circumstances.

43% of businesses reported having to make **further resource cuts** due to changed circumstances.

Recognising the likely changes in workforce size and composition, we asked businesses about the priority emerging skill needs for the next three years. Most respondents (62%) identified digital, data and AI skills including for analytics, asset optimisation, integration, automation, and improving productivity and compliance. Other emerging skill needs that were identified were energy, electrical engineering, civil engineering, structural engineering and experience in contract, risk and client management.

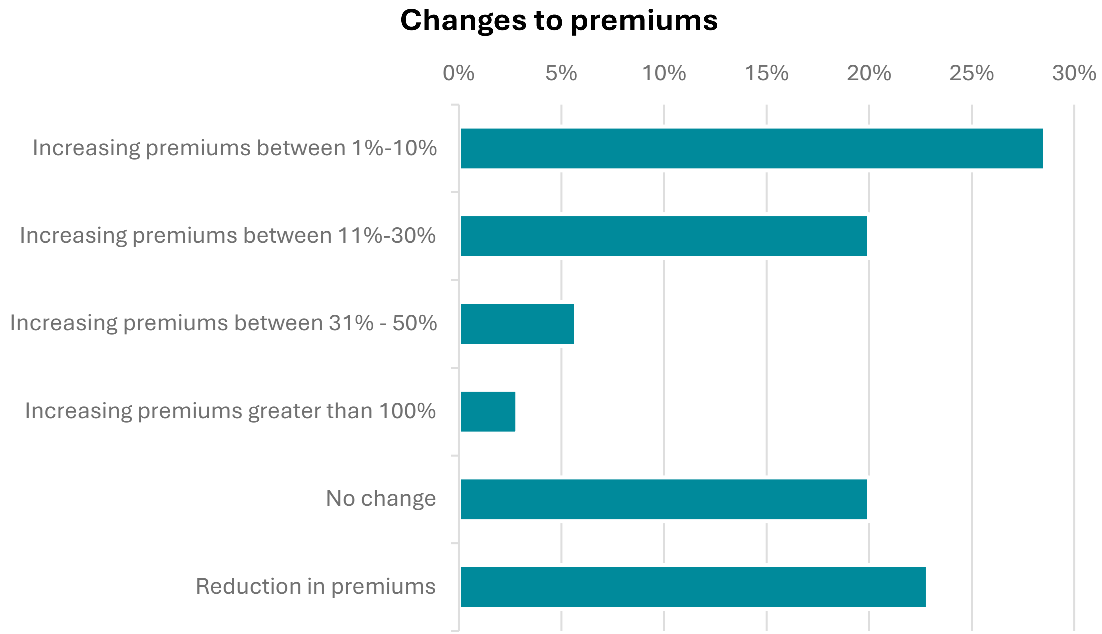
89% of businesses were 'very' or 'somewhat' optimistic of finding the skills necessary to compete over the next three years.

'When there are significant changes, delays in projects already committed, this has a massive impact and could actually result in insolvency depending on the project size.'

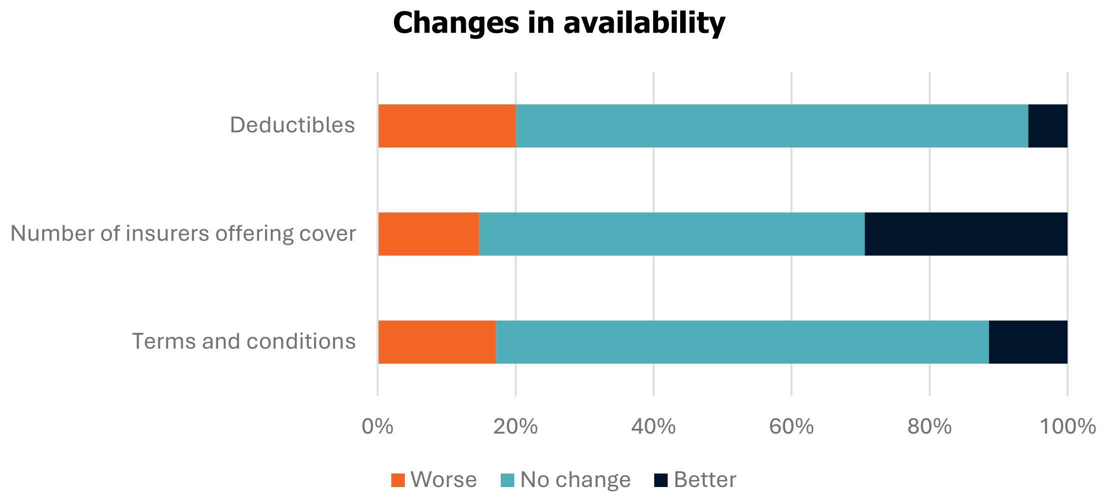
Survey Respondent

Professional indemnity insurance access and affordability

Member businesses were asked to report what changes their business has seen in the cost of professional indemnity insurance over the last year, with around 57% of respondents reporting increasing premium costs compared to 23% experiencing a reduction and 20% having no change to their premium.

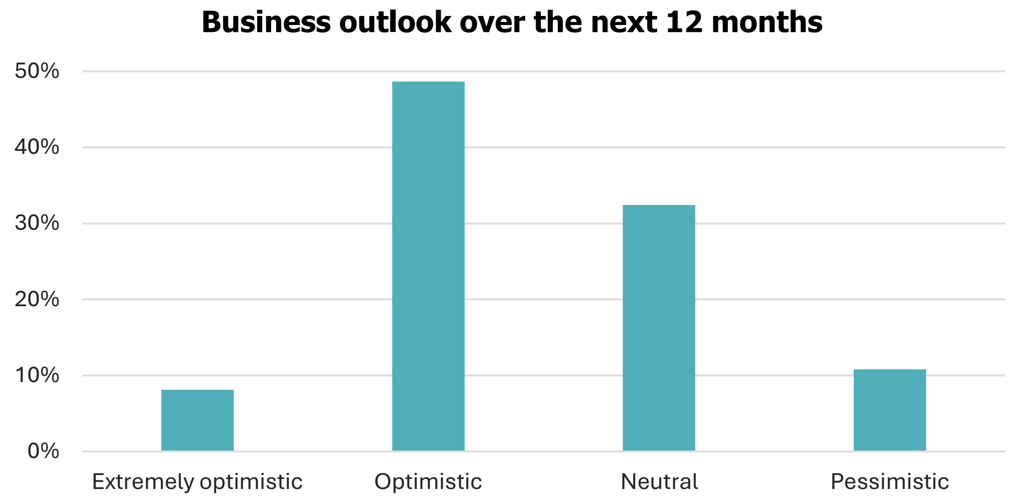


Member businesses were asked to report what changes their business has seen in the availability of professional indemnity insurance. Most members reported no change across deductibles, number of insurers and terms and conditions. However, 29% of respondents indicated an increased in the number of insurers offering cover. This is an improvement compared to 2024 results and is consistent with market reports.



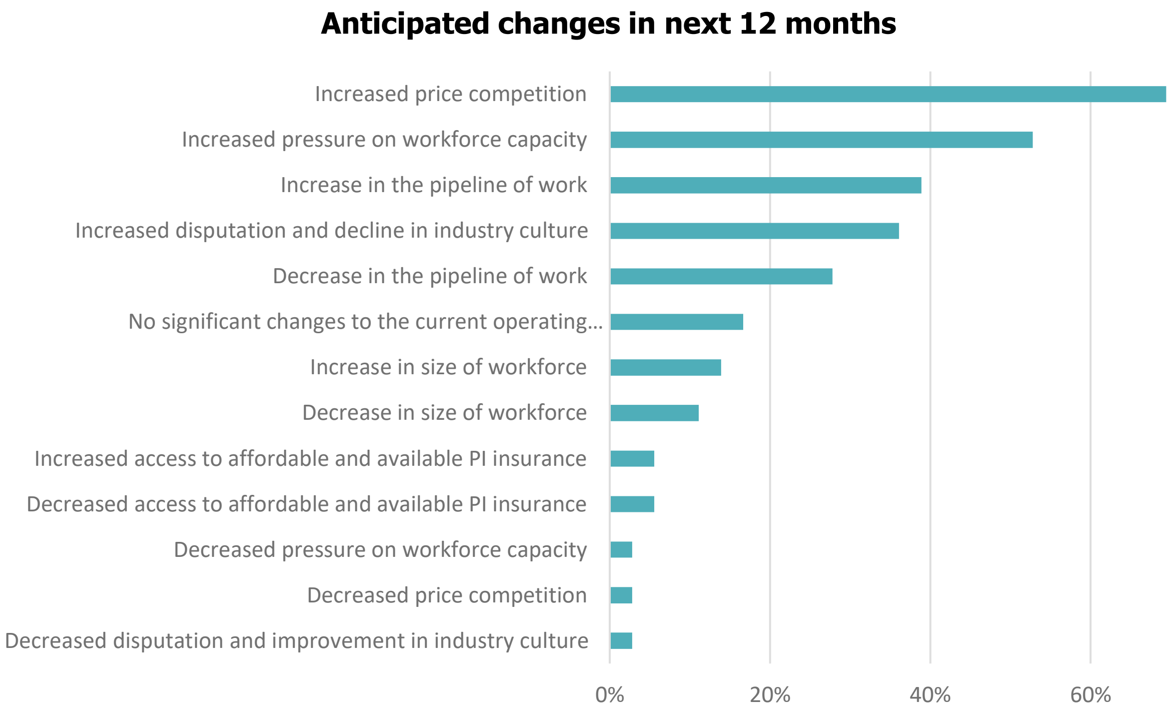
Future outlook

We asked members for their perspective on business outlook over the next 12 months, 49% of respondents were optimistic and 11% pessimistic. Members reflected on the decline in transport sector spending, and the relatively short pipeline of work, particularly in Victoria.



Members were asked about anticipated changes in the next twelve months. The leading responses were 'increased price competition' (69%), then 'increased pressure on workforce capacity to deliver the volume of work' (53%) and then 'increase in the pipeline of work' (39%).

'Rapid development & adoption of AI, globalisation & geopolitical influences, climate change & associated commitments are likely to have an effect on our business in the next twelve months' Survey Respondent



Contact us

The Consult Australia team would be happy to dive deeper on the content of this report if you would like, reach us on the contact details below.

Thanks again to the members who completed the survey – as it ensures our advocacy is truly member-led.

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Thanks to our Industry Champions

For their outstanding leadership and engagement on behalf of the industry.

COLLABORATIVE LEADERSHIP COMMITTED TO THE SUCCESS OF OUR INDUSTRY