CONSULT AUSTRALIA

Market conditions report

2026

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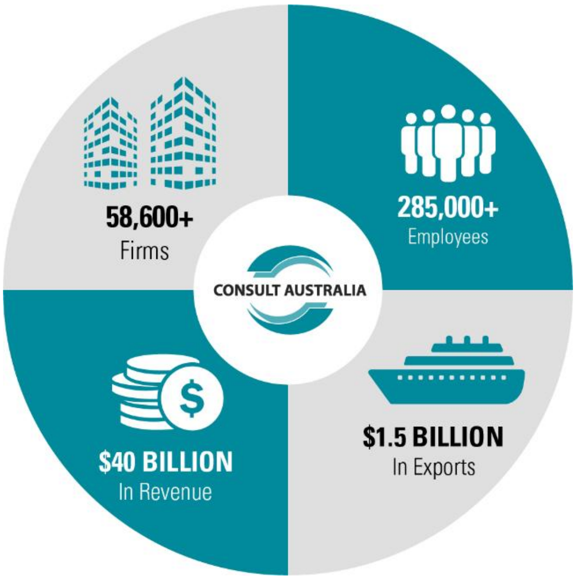


About us

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.

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

Cover image: Warringah Freeway Upgrade, courtesy of Jacobs and Arcadis JV with CPB and DT Infrastructure. This project was the winner of the Consult Australia 2025-26 Collaboration for Project Excellence Award.

More work. More opportunities. Not more certainty.

The market for technical consulting services in Australia is showing signs of growth, but the picture is far from uniform. Opportunities are strengthening in some sectors, while other sectors continue to experience subdued demand and available capacity. Across the market persistent pipeline uncertainty, elevated risk, procurement delays and rising costs continue to constrain business planning, investment and confidence.

The survey findings reinforce Consult Australia's advocacy priorities: a more certain and better-sequenced infrastructure pipeline, procurement that rewards quality and long-term value rather than the lowest price, and policy settings that give firms the confidence to invest in people and digital capability (including AI).

Uncertainty and risk remain elevated

Pipeline uncertainty is the dominant constraint, cited by 78% of surveyed businesses as a factor affecting capacity and identified as the biggest challenge (70%) of the past year.

Procurement delays continue to weigh on 58% of participating businesses. Meanwhile, 'client requirements or time frames' are a growing challenge for 57% of businesses. More than half (57%) perceive the environment to be higher risk than 12 months ago, with sole traders and small businesses feeling this most acutely.

Costs are outpacing fees

Salaries and wages were among the fastest-rising costs, ranked in the top three by 78% of businesses. Yet only 27% had lifted their fees by more than CPI. This meant that 92% of businesses did not pass their full cost increases to clients, instead financing the gap between what expertise costs and what clients will pay.

Compliance costs account for around 11% of business budgets. Professional indemnity insurance has steadied, with most members reporting little or no change in premiums or number of insurers offering cover.

Business activity is uneven

The number of sectors where surveyed businesses report 'too much work' has doubled, from 6 in 2025 to 12 in 2026, led by residential, resources and industrial buildings (including data centres). However, burgeoning demand for member services is sector-specific. More than half of surveyed businesses still report insufficient work in sectors such as roads, rail and defence.

Overall, firms continue to report having capacity both immediately and within the year: 91% expect to have capacity now or within 6 months, down from 97% in 2025, reflecting ongoing pipeline uncertainty.

A more stable workforce

People are staying put, with 68% (up from 38%) of surveyed members having a voluntary turnover rate below 10%. Recruitment remains a challenge with the labour market tightening and uncertainty increasing. Only 11% flagged retention as a major challenge. More than a third now expect to grow their workforce, while fewer expect pressure on workforce capacity.

Digital, data and AI remain the top emerging skills gap, named by 65% of surveyed businesses.

A mixed outlook for the year ahead

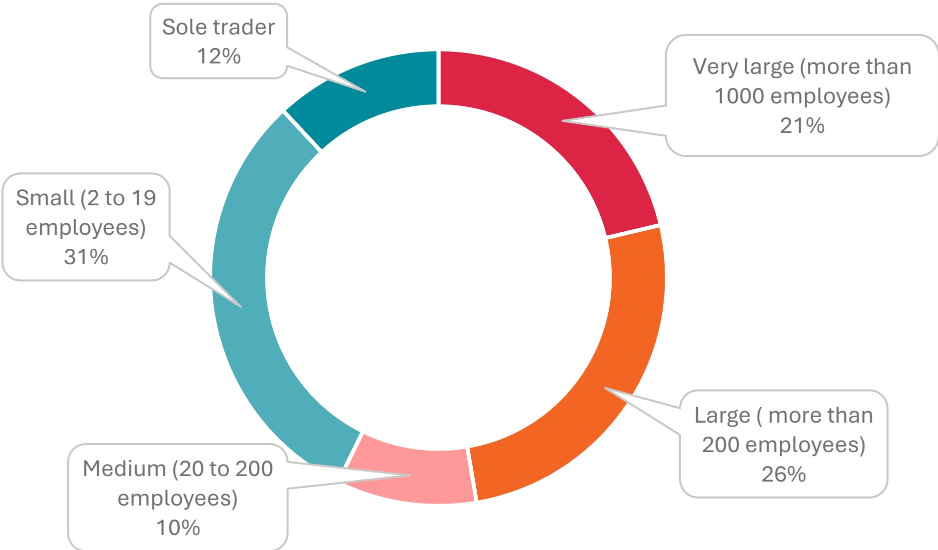
Members expect the year ahead to be one of change rather than stability. The outlook is mixed with just over half of participating businesses (51%) being optimistic about the year ahead, though sentiment is strongly sector and jurisdiction specific. Defence, energy, water, rail and data centres are driving optimism, while residential and transport sectors are more circumspect.

All members expect major change in the year ahead, up from 83% in 2025. Anticipation of change has become universal, even though members disagree on its direction, with increased price competition the most widely anticipated shift and a clear pivot towards rebuilding the workforce where there is sector demand.

Survey results

Business size, location, sectors, and clients

The 2026 survey captures the views of 42 Consult Australia member businesses, with a similar breakdown by business size compared to 2025. The surveyed businesses together employ more than 27,830 people.[1] The findings offer a valuable view into the pressures shaping Australia's technical consulting market.



Over the past 12 months surveyed businesses undertook work across Australia and internationally. Most work was concentrated in the metropolitan areas of Qld, NSW and Vic. Compared to 2025, member businesses providing services in regional areas increased across all states, most notably in NSW.

All participating members had Australian private sector clients (as they did in 2025). Most members (86%) also had Australian government entities as a client.

Surveyed businesses operate across a wide variety of sectors. The largest number of businesses are operating in industrial buildings (65%), with data centres flagged in responses. This was followed by road transport (64%) and energy and renewables (62%).

There were also strong results for:

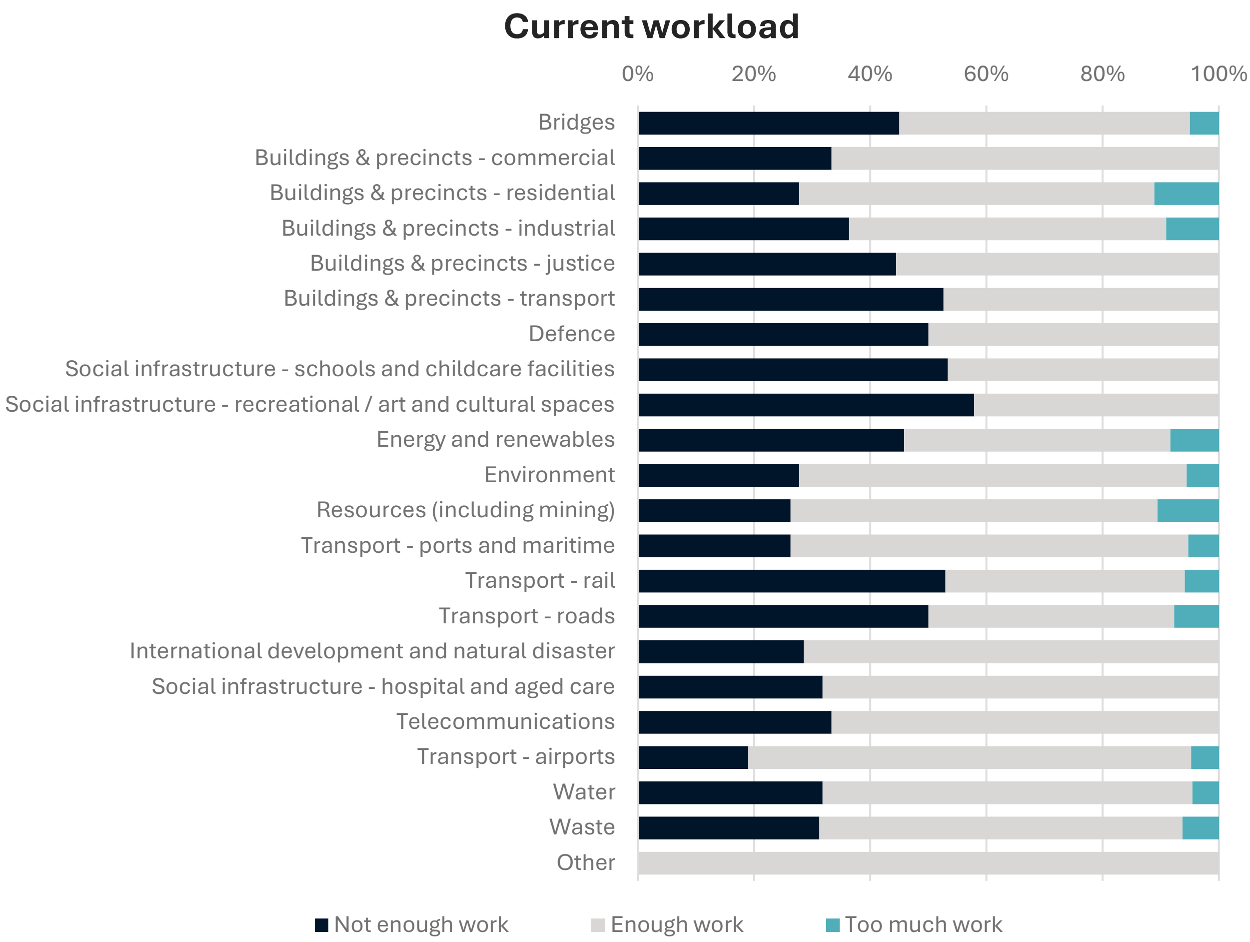
- Social infrastructure – hospital and aged care (55%)
- Water (55%)
- Transport – airports (52%)
- Buildings & precincts – commercial (52%).

[1] Employee figures based on information supplied as of 30 June 2026.

Workload and capacity

Businesses were asked to report if they currently have 'not enough work', 'enough work' or 'too much work' in each of the sectors they work in. Results suggest an increase in activity compared to our [2025 Market Conditions Report]() with a shift from 'not enough work' to 'enough work' across multiple sectors.

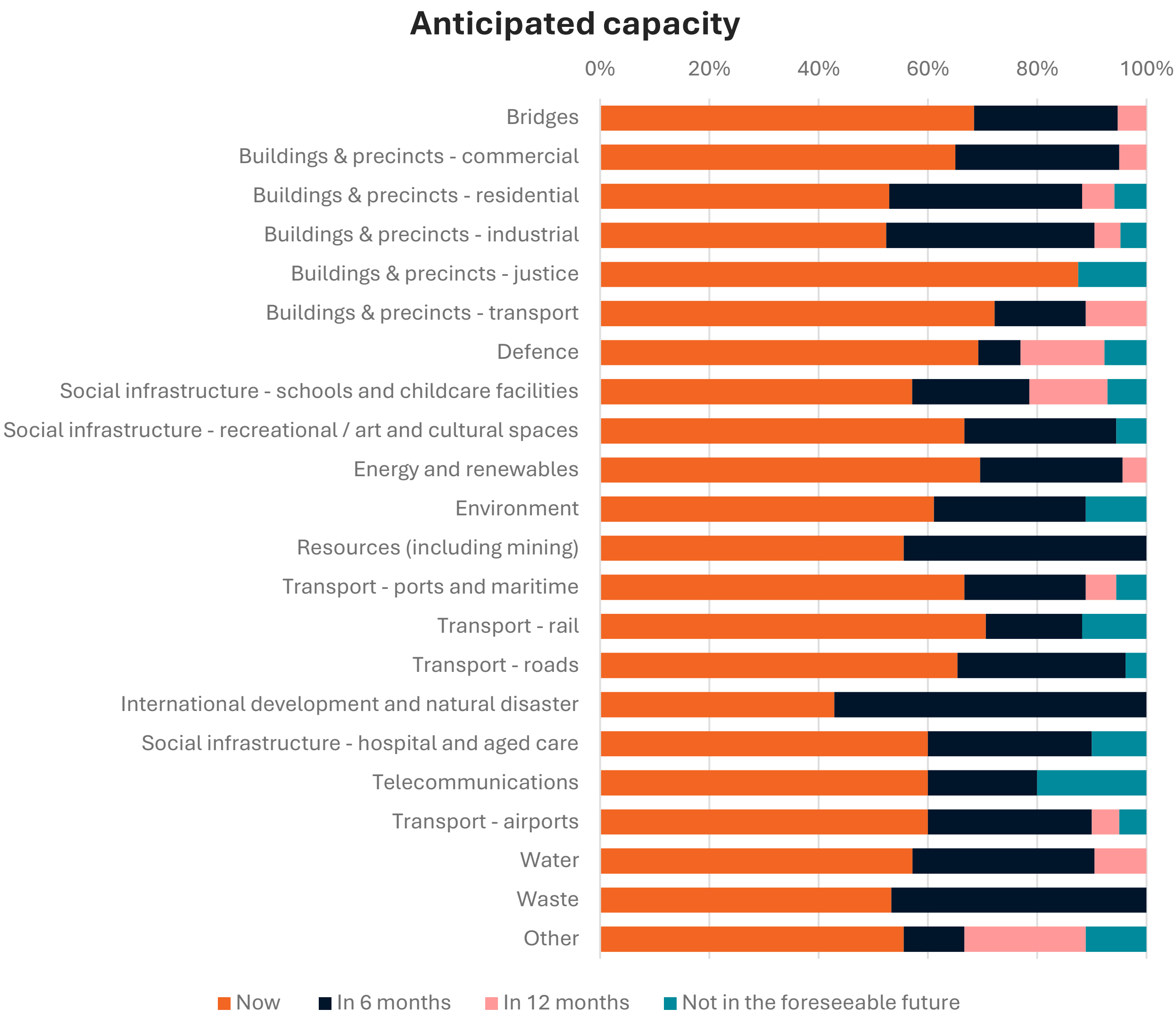
There was a strong improvement (more than 20% change) in airports, commercial and justice sectors. The number of sectors where participating member businesses have 'too much work' increased, up from 6 sectors in 2025 to 12 sectors in 2026. This points to an increasingly buoyant market, notwithstanding the declines in some sectors.



There are some sectors where more than half the businesses reported 'not enough work', specifically:

- Social infrastructure – recreational/art and cultural spaces (58%)
- Social infrastructure – schools and childcare facilities (53%)
- Buildings & precincts – transport (53%)
- Transport – rail (53%)
- Defence (50%)
- Transport – roads (50%).

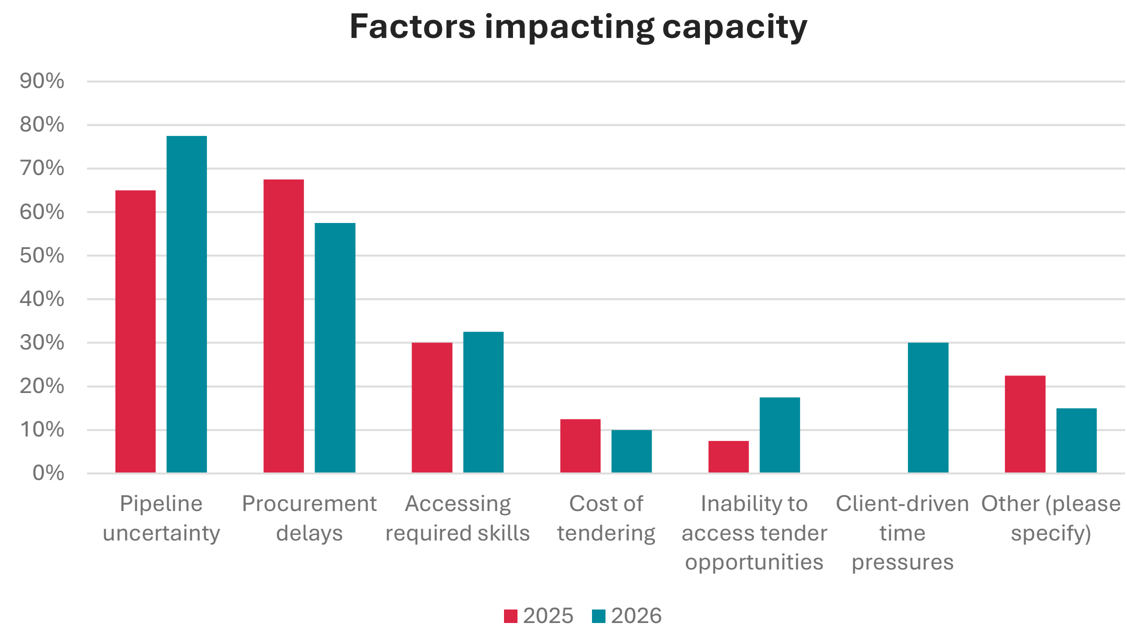
Businesses were asked when they expect to have capacity in each of the sectors – now, in 6 months, in 12 months, or not in the foreseeable future. In response, 91% across all sectors noted they have capacity either now or will in the next 6 months. This is a slight improvement on 2025 results, where 97% of businesses had capacity in the short term, pointing to an increase in work. This aligns with workload results.



Factors impacting capacity

Pipeline uncertainty has increased in the last 12 months and remains the major factor impacting current and future capacity, according to 78% of surveyed businesses. One respondent summarised the issue as '*client uncertainty and lack of confidence'* which makes it challenging for businesses to hold resources or invest in capability.

Procurement delays are also impacting 58% of surveyed members, although this has improved year on year. Instead, businesses point to client-driven time pressures and reduced access to tender opportunities as emerging challenges.



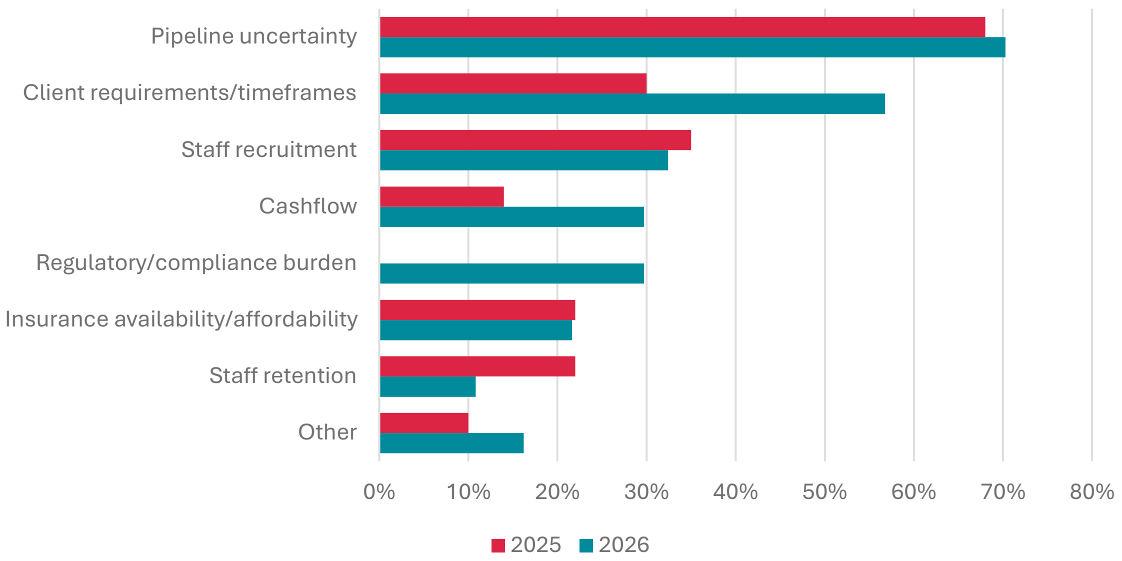
Challenges and risks

Pipeline uncertainty is not just constraining capacity. It has been the biggest challenge for surveyed members over the last year, identified by 70%. The challenge presented by 'client requirements and time frames' were increasingly identified by respondents from 30% in 2025 to 57% in 2026. This correlates with the impact of procurement delays on capacity.

Recruitment is another major challenge across all surveyed businesses. There has been some improvement in staff retention. This is consistent with a tightening labour market and increased uncertainty, suggesting that people are choosing to remain in their roles rather than moving on.

This year, the survey replaced the option of 'escalating costs of doing business' with 'regulatory/compliance burden' and 'cashflow'. This was identified as a challenge across all business sizes, and by 30% of participating businesses overall.

Biggest challenges over the last year



Member comments identified transport and renewable energy as the most challenging sectors over the last year. Other member comments on key challenges include:

Lack of normal work throughout Qld due to the major projects taking up the funding have increased competition for the rest of the available work.

In a more constrained and uncertain context, clients (particularly in renewable energy) are driving hard for faster, cheaper services.

Pipeline uncertainty, project stop/start – particularly challenging in Qld and Vic.

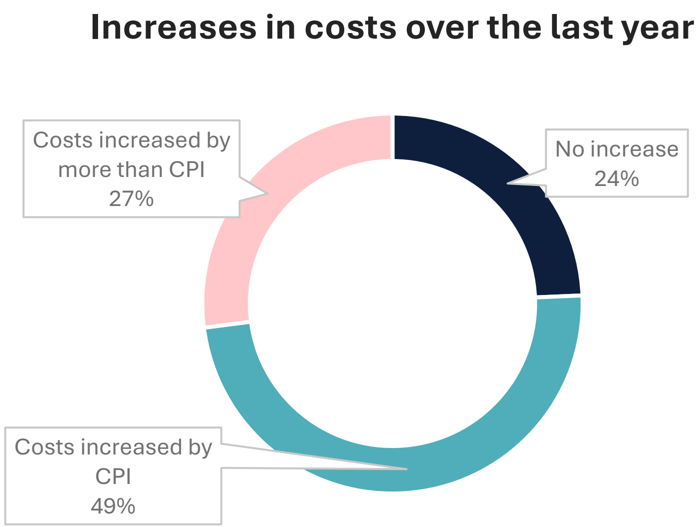
Viability of clients and their capacity to pay for services.

When members were asked about the risks to their business operating in the current environment compared to 12 months ago, most (57%) reported an increase in perceived risk. The highest risk was reported by sole traders and small businesses, with 25% of participating members in each group reporting significantly higher risks. Around half the large and very large members saw the risks as higher, while the majority (75%) of medium firms rated the risk as about the same as the previous year.

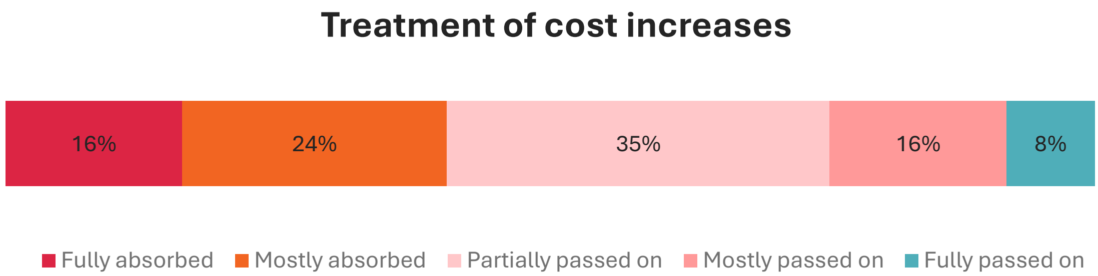
Escalating business costs

Businesses continue to feel the pressure of rising wages, with 78% reporting salaries and wages as the most rapidly increasing cost in the last 12 months. This compares to 48% of 2025 surveyed businesses. Increasing costs in information technology (57%) and regulation/compliance (32%) were also noted.

Despite rising costs, fees are not keeping pace: only 27% of businesses increased their fees by more than CPI.



Most businesses (92%) have not been able to pass the full cost increases on to clients, choosing instead to fully or partially absorb them.



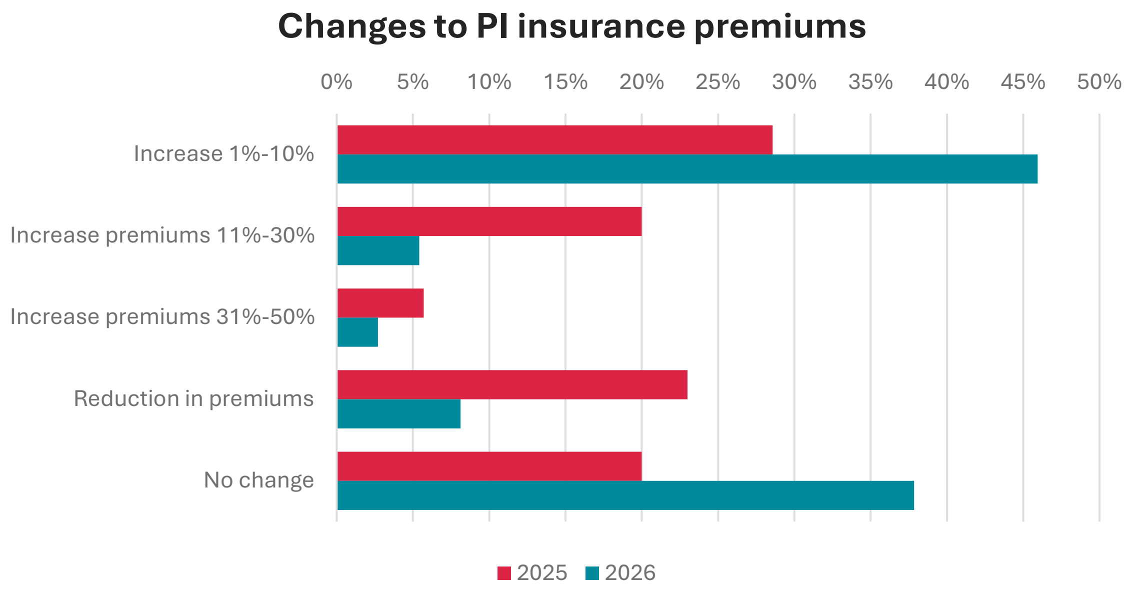
The leading areas of increasing costs of compliance continue to be 'professional registration and licensing' (57%), 'insurance and professional indemnity' (57%) 'privacy and data security' (51%) and 'business and corporate compliance' (51%). This matches 2025 responses.

On average, surveyed businesses spend an estimated 11% of their budget on these compliance costs, with responses ranging from 5% to 30%.

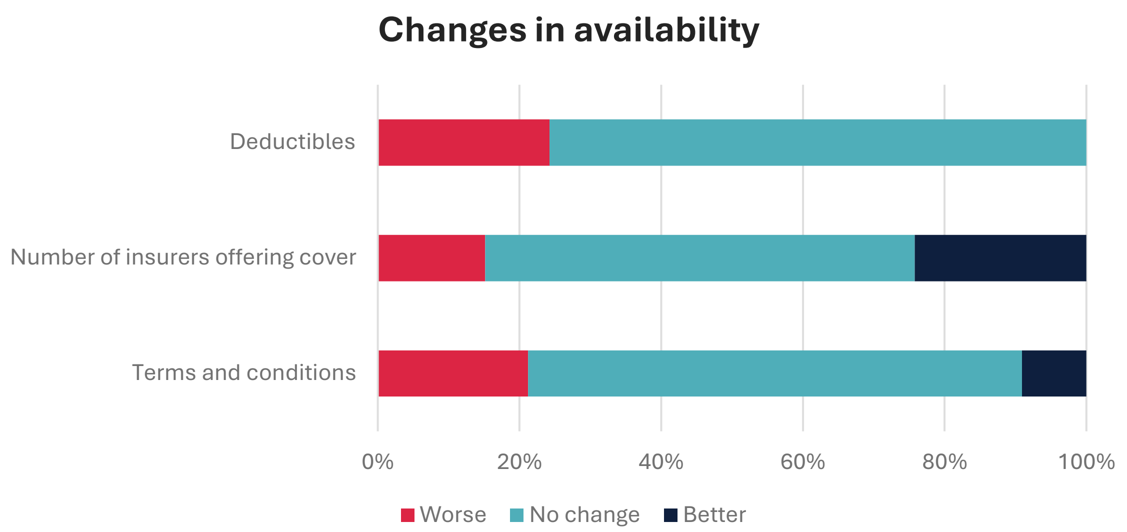
Insurance access and availability

The most common amount of professional indemnity insurance held by surveyed businesses is $20 million (27%). Large and very large businesses reported holding over $20 million, while medium businesses hold $10 million to $20 million. Most small businesses hold $5 million to $10 million. Sole traders held varying levels of insurance ranging from up to $1 million to over $20 million.

Member businesses reported a steadying in premium increases for professional indemnity insurance, compared to 2025. An increase of 10% or less was noted by 46% of member businesses, while 38% said there was no change and 8% reported a reduction in premiums.



On the availability of professional indemnity insurance, most member businesses reported no change across deductibles, the number of insurers, or terms and conditions. The proportion of surveyed member businesses indicating an increase in the number of insurers offering cover was 24%. This is a similar result to 2025 and is consistent with market reports.

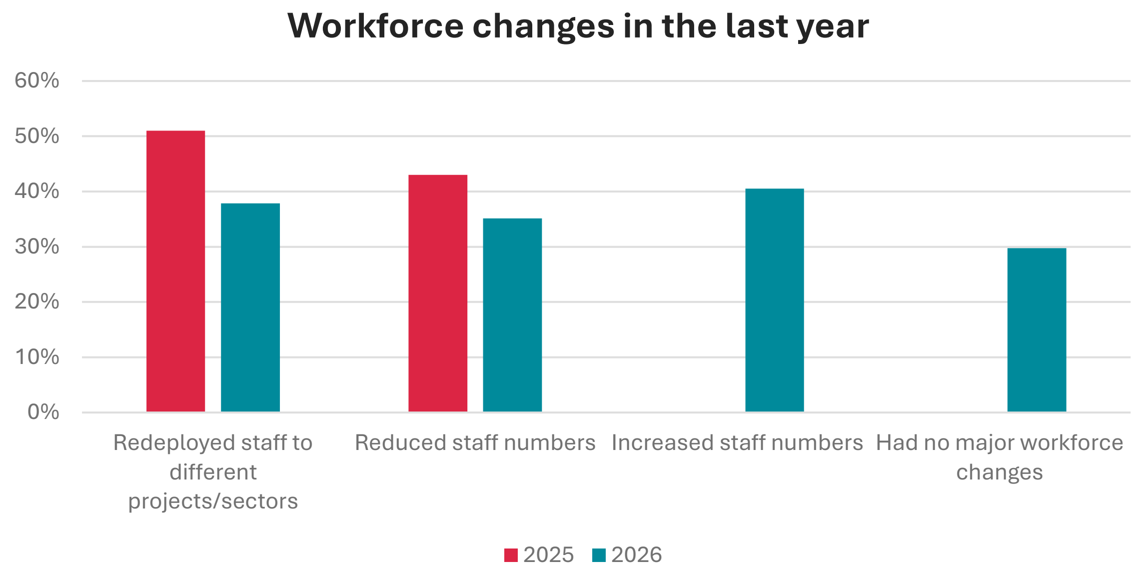


People and skills

More than two thirds of surveyed businesses (68%) reported a voluntary turnover rate of less than 10%. This is a sizeable change from 2024 and 2025, when 50% of surveyed businesses reported a higher voluntary turnover rate of between 10 to 20%. This suggests people are changing jobs less frequently.

Lower turnover may be a sign that employees are less willing to jump in an uncertain market. Many businesses (41%) reported staff numbers are increasing, although 25% have reduced their headcount, suggesting workforce adjustment is still underway.

Businesses also reported less redeployment of staff to different projects or sectors, which may indicate more stable workloads within parts of the market, although redeployment is still occurring.



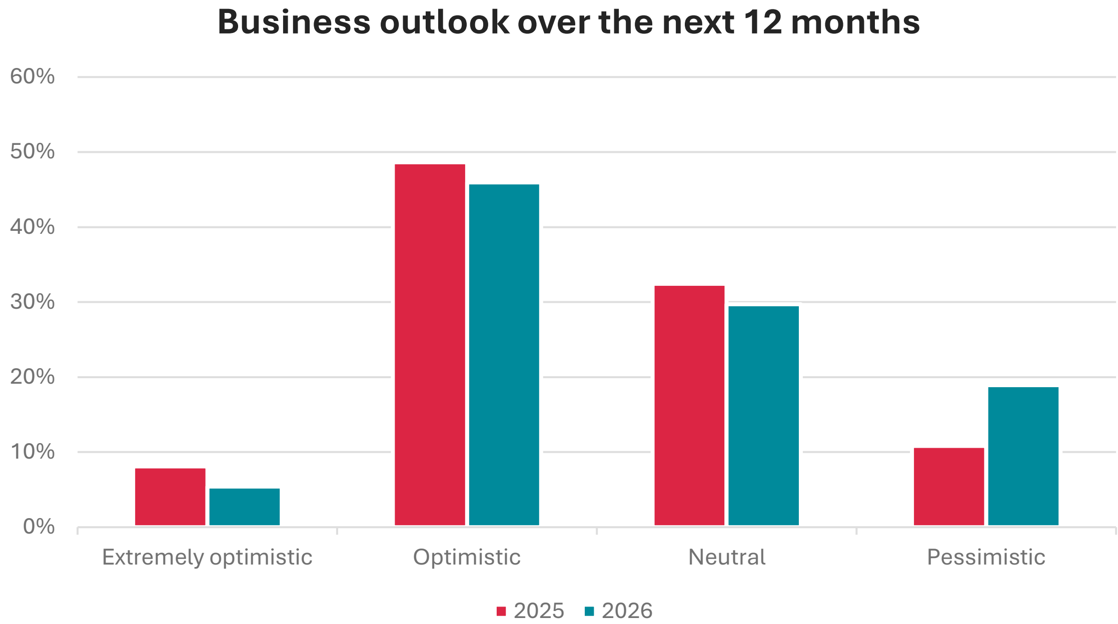
Members are reporting skills gaps across multiple sectors, specifically:

- Digital, data and AI (65%)
- Engineering/technical skills (57%)
- Project management (41%)
- Commercial and contract management (24%)
- Sustainability, environment and climate skills (8%)
- Other (16%) including business development, client relations and customer facing roles.

Despite the skills gaps, there is growing optimism in the labour market. In fact, 95% of businesses are somewhat or very optimistic that they will find the necessary skills to compete over the next 3 years.

Business outlook

Just over half of surveyed businesses (51%) are optimistic or extremely optimistic about the year ahead, with a sizeable neutral middle (30%). Business outlook is strongly sector and jurisdiction specific, rather than uniform.



In reflecting on sectoral opportunities firms were optimistic about the defence sector. Similarly, businesses of all sizes were positive about the energy and renewables sector. Resources and minerals were also seen as stable sources of work. Large firms cited growing energy and minerals projects, while smaller firms pointed to demand for rare, highly specialised energy expertise.

Water and rail were identified by firms with confidence, with rail spend described as ongoing across states. Data centres and digital infrastructure stood out as sources of increasing demand. Transport sector was more circumspect.

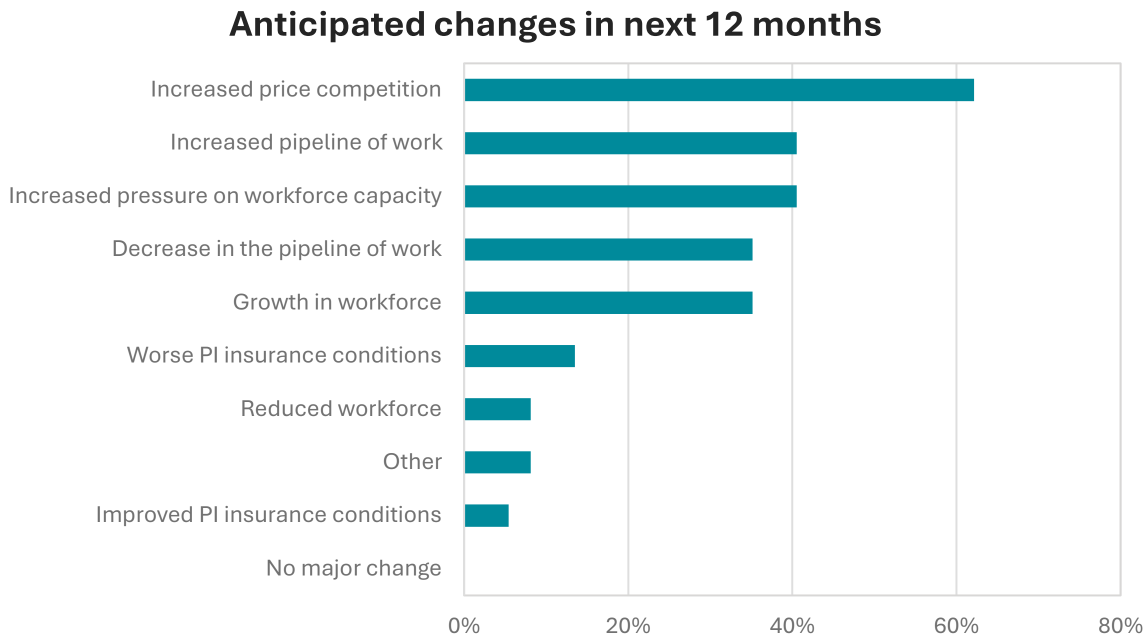
The residential market sparked less confidence in comments from firms, which was linked explicitly to tax changes and interest rate rises. The 2026 Federal Budget was released while the survey was open.

> *Tightening of state budgets in most of Tas, Vic and NSW. Transport projects have reduced without the private sector noticeably taking up the slack. It will require us to operate more hand to mouth than optimal.*

Macro factors, including escalating costs, global conflict and world market uncertainty were reflected in business concerns and more negative sentiment. A few members flagged client financial stress, including the risk of clients entering insolvency, and a slowing flow of requests for proposals.

Changes in the year ahead

Members expect the year ahead to be one of change rather than stability. All surveyed businesses anticipate some change. The top three responses remained unchanged from 2025, with increased price competition still the most widely expected change, cited by 62% of businesses.



Overall, the sentiment differs depending on business size:

- Very large firms were more divided on the pipeline and reported the most anticipated change to be workforce pressure, alongside price competition.
- Large firms most consistently expected increased price competition and leaned towards pipeline growth, with relatively little anticipated workforce pressure.
- Small firms and sole traders were the most polarised, split between expecting the pipeline to grow and those expecting the pipeline to contract, and as likely to anticipate workforce pressure as the largest firms.

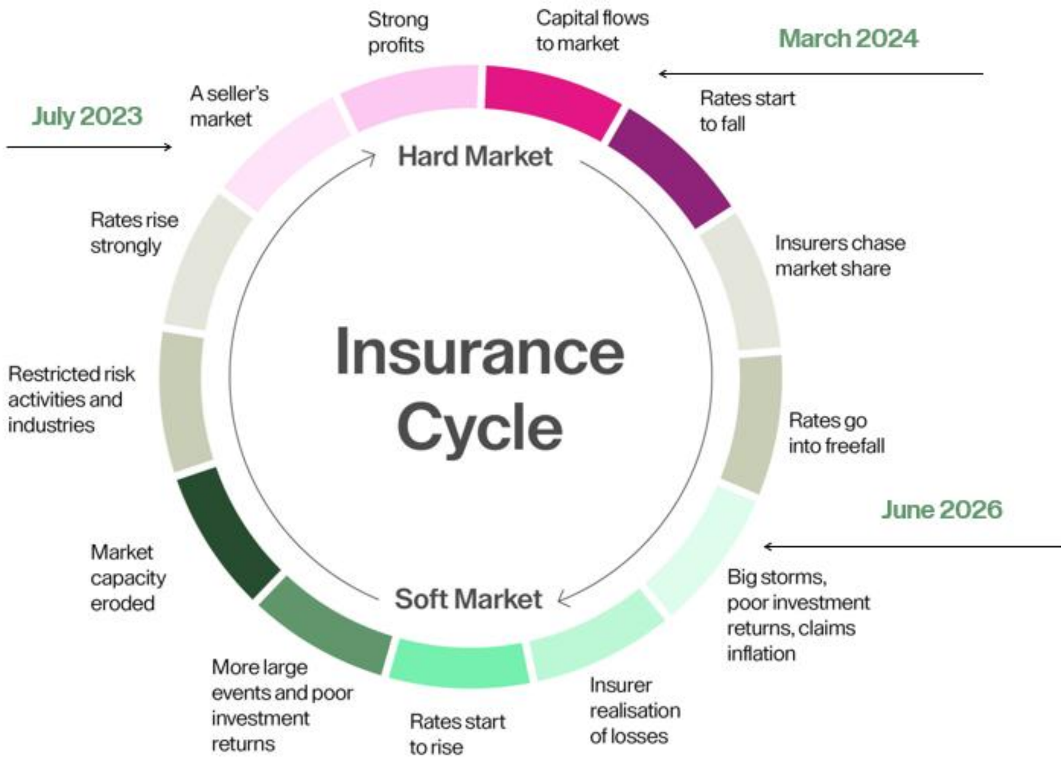
The government pipeline is retracting, either by spend or number of projects due to bundling. As such, there are many parts to the market that have firms in both boom and bust. The private sector is 'pausing; as a result of federal tax changes and general uncertainty in world markets.

The pipeline outlook is polarised, with 41% expecting an increase in work and 35% a decrease, both up on last year. This reflects member comments that, while parts of the market expand, others contract.

The workforce outlook improved markedly. The share of surveyed businesses expecting to grow their workforce rose to 35% (previously 14%). Meanwhile expected pressure on workforce capacity eased to 41% (previously 53%) and expected workforce reductions fell to 8% (previously 11%). Together, these findings suggest firms are moving from being stretched towards planning for expansion, consistent with the easing turnover and rising staff numbers reported in the people and skills section.

Professional indemnity insurance is the main watch item, with expectations of deterioration rising to 14%, outweighing the 5% of surveyed members expecting an improvement. Bellrock Advisory’s Insurance Cycle below reflects business apprehension around the potential for future pressure on insurance costs:

Insurance cycle from Bellrock Advisory June 2026



Five themes emerged from the external factors most affecting businesses over the coming year:

- **Government budgets and the infrastructure pipeline.** This was the most frequently cited concern, raised across every business size. Members pointed to federal and state budget settings, fiscal tightening in NSW and Vic, the reprioritisation and deferral of major transport projects, and the volume and certainty of the public infrastructure pipeline, including the timing of confirmed commitments such as the Brisbane Olympics.
- **Global economic and geopolitical uncertainty.** Members cited conflict in the Middle East, international market volatility, global supply chain pressures and Reserve Bank monetary settings, and their flow-through to inflation, the cost of capital and client confidence.
- **Rising costs and competitive fee pressure.** Members noted fuel and construction cost escalation along with interest rate rises. There is increased competition for immediate work to utilise capacity. This amplifies the risk of under-pricing as work becomes harder to win and more urgent for business continuity.
- **Access to skills and people.** The ability to recruit and retain capable staff and to backfill as current projects are delivered was a particular concern of members.
- **AI, regulation and tax.** Members raised both the opportunity and the disruption posed by AI, alongside taxation changes and broader regulatory burden.

Conclusion

More work. More opportunities. Not more certainty.

Consult Australia's 2026 Market Conditions Report points to signs of growth across Australia's technical consulting market. Workloads are strengthening and opportunities are emerging in parts of the market, but the picture remains uneven.

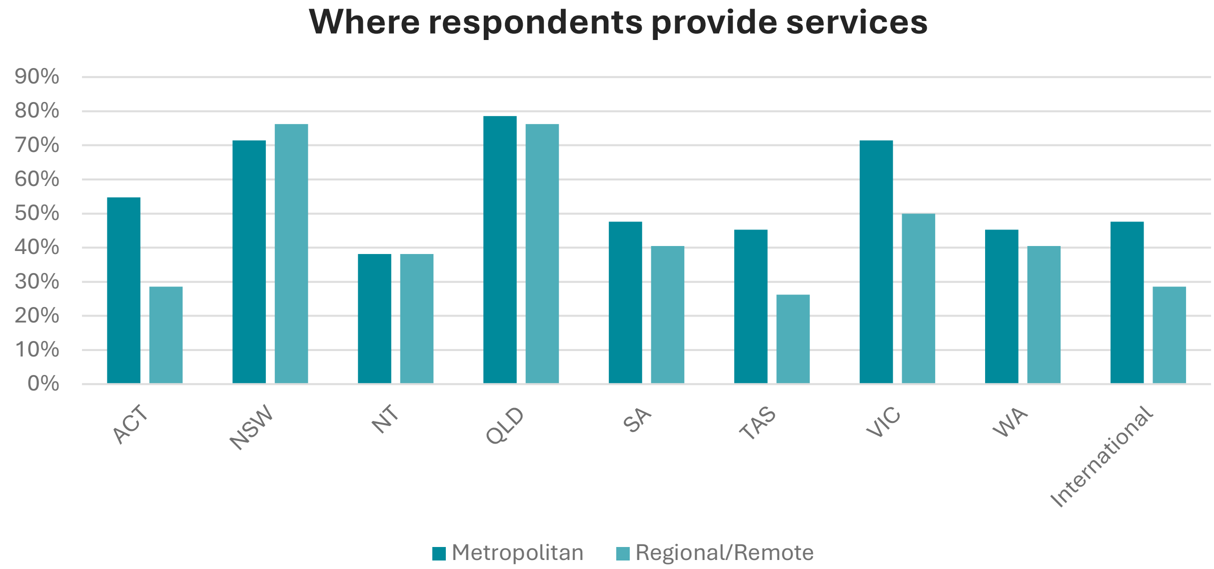
Persistent pipeline uncertainty continues to be the dominant constraint on business confidence. Firms are absorbing rising costs, competing under sustained fee pressure and operating in an environment of elevated risks. More than half of members believe they are operating in a higher risk environment than they were 12 months ago.

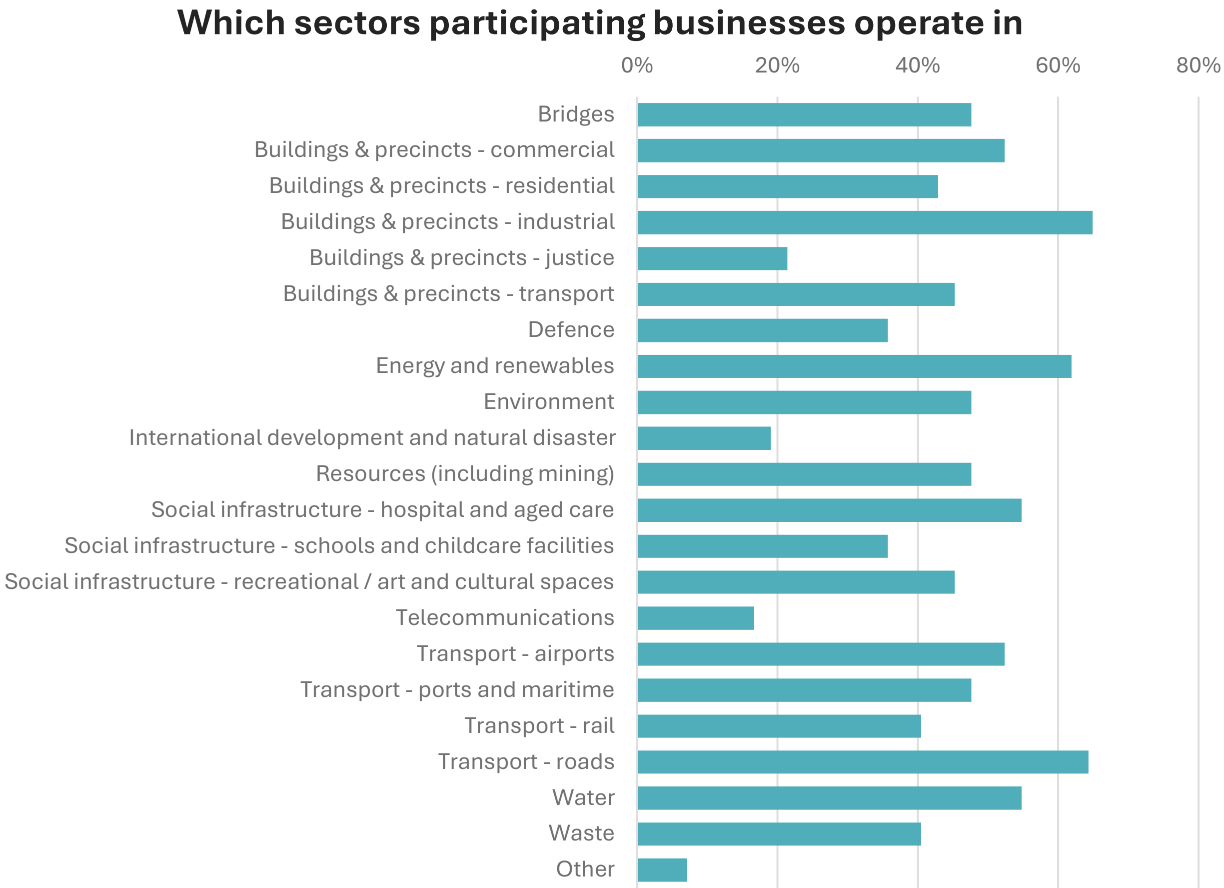
While confidence is improving in some sectors and jurisdictions it remains tempered by uncertainty about the future pipeline of work. Defence, energy, water, rail and data centres are driving optimism, while residential and transport are more circumspect.

These findings reinforce Consult Australia's advocacy priorities: a more certain and better-sequenced infrastructure pipeline, procurement that rewards quality and long-term value rather than the lowest price, and policy settings that give firms the confidence to invest in people and digital capability (including AI).

Consult Australia will continue to use this evidence to advocate for the reforms that improve market certainty, strengthen industry capability and support a more productive, resilient technical consulting sector.

Appendix 1 – Additional data figures





Contact us

Consult Australia's team can dive deeper into the content of this report on request. Please reach us on the contact details below.

Thanks again to the members who completed the survey. 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.