

Rug pulled out from under fit-outs

Scott Elliott

New carpets and fancy kitchenettes have been put on the backburner as Australian companies hold off on refurbishing their office space to save money.

Activity in Australia's \$12 billion commercial refurbishment market has plummeted by more than 20 per cent owing to reduced government stimulus and weak business confidence, according to Isis Group.

Isis Group executive Glen Thompson said the refurbishment market had been experiencing considerable pain in recent times as it transformed from a government to a private-led phase.

"The fall from 2007-08 as a result of the GFC was softened by the federal government's BER [Building the Education Revolution] and other stimulus programs but this has dropped off dramatically in the past six months and has coincided with a weak rebound in business investment," Mr Thompson said.

"Sydney is at a low ebb in the office sector and is showing early signs of improvement," he said.

"The finance and business services sectors are slowly starting to emerge; however investment in the insurance and IT sectors are a little way behind them."

Mr Thompson expects commercial markets in Perth, Adelaide and Darwin to perform strongly and Brisbane to follow shortly given they are underpinned by the mining investment boom.

He said the Perth market, while maintaining momentum, had seen prices fall 15 per cent since the overheated levels of the boom but costs in the WA capital were showing signs of upward pressure again.