

# Global construction trends & forecasts

Chris Sleight

Editor

*International Construction*

# Contents

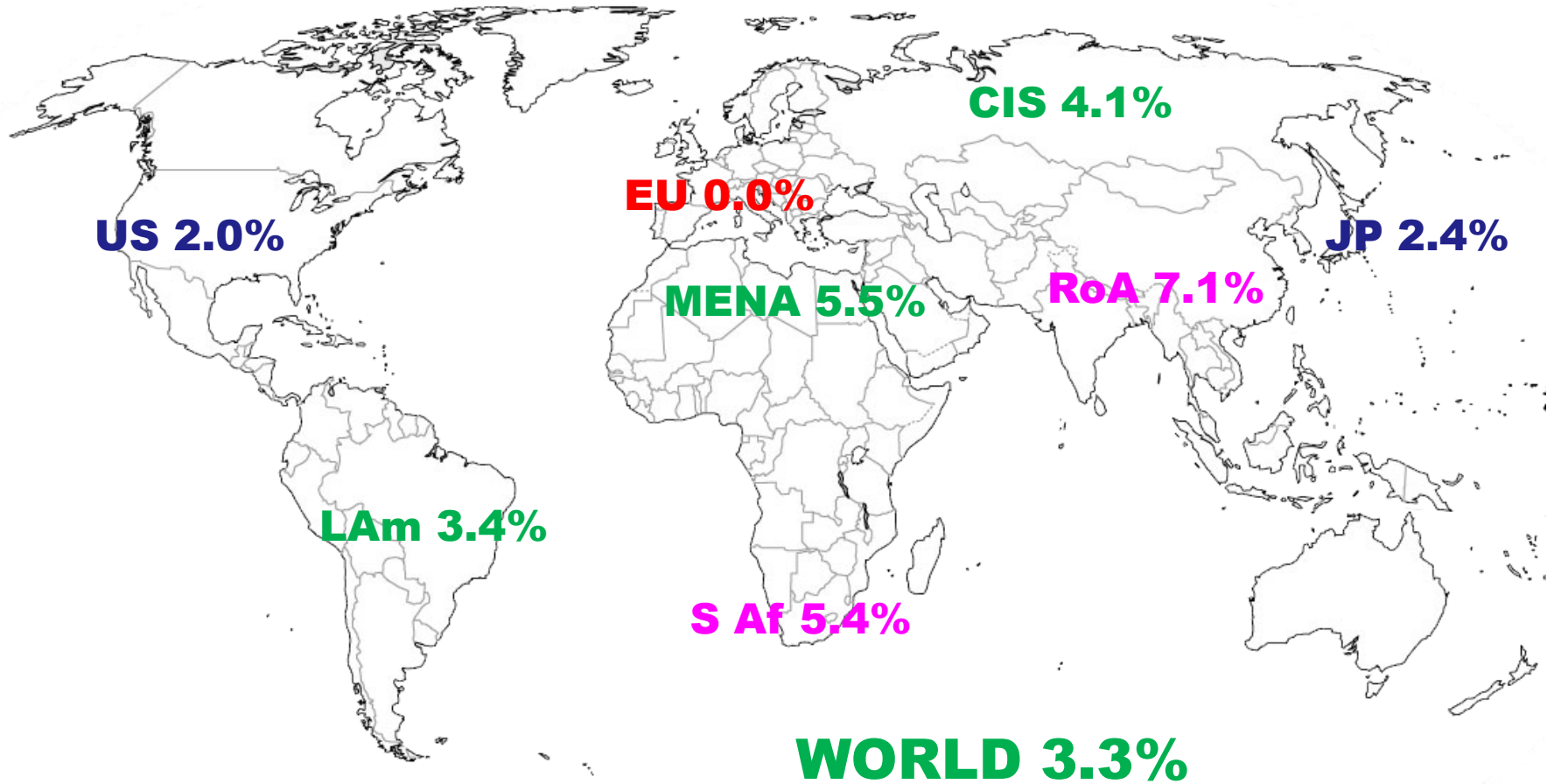
- Global economic picture
- Construction markets & forecasts
- Economic drivers for tower cranes
- Tower crane markets of the future
- Summary

# ***International Construction***

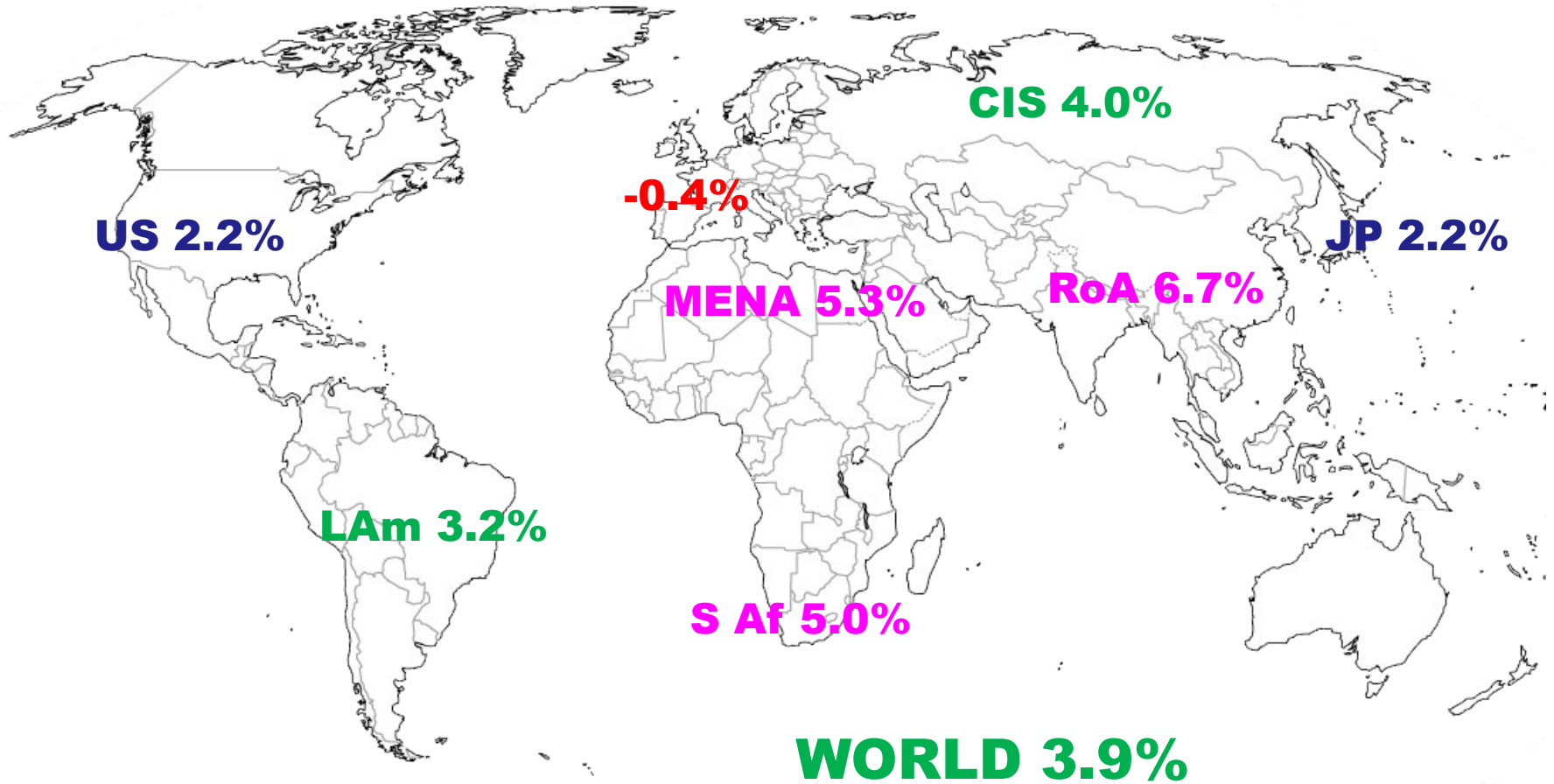
- The only global magazine for the whole construction industry
- 50 years old this year
- Published by KHL Group – global leader in international construction information



# World economic growth 2012



# World economic growth 2013



# The post-recession world

	2007 GDP Growth	2013 GDP Growth
US	+1.9%	+2.2%
EU	+3.4%	-0.4%
China	+14.1%	+8.5%
Developed Countries	+2.8%	+1.9%
Emerging Markets	+8.7%	+5.9%
<b>WORLD</b>	<b>+5.4%</b>	<b>+3.9%</b>

# Summary

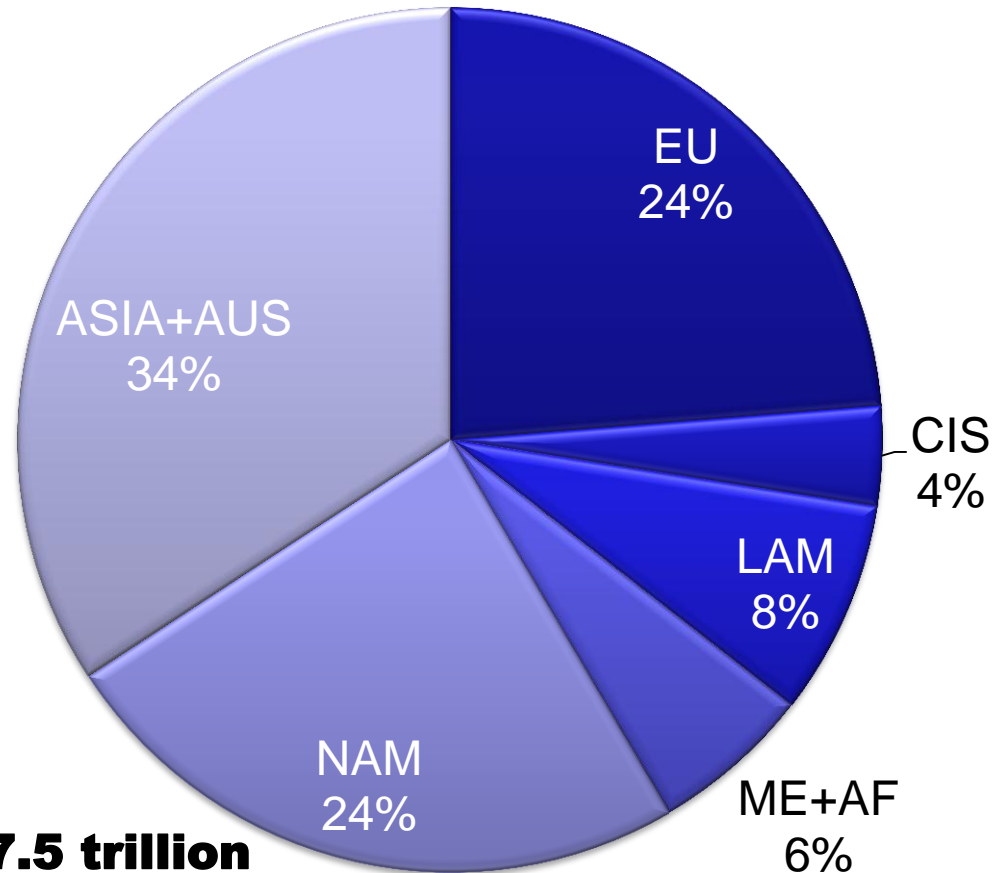
- Economic growth will remain lower than in the boom years
- Growth in emerging markets (but slower than before)
- Weak recovery in developed markets
  - Too much debt
  - Poor policies & political leadership

# GDP – construction relationship

- Construction output ~ 10% of GDP
  - Global GDP ~ US\$ 75 trillion
  - Global construction ~ US\$ 7.5 trillion
- Construction tends to track GDP growth
  - But specific policies & events have an impact



# Construction markets – relative sizes



**Total size ~ US\$ 7.5 trillion**

# Construction markets – Europe



Germany & Scandinavia growing

Indebted countries in crisis

Unimpressive recovery in 2014 (?)

Austerity = weak civil engineering

Market -20% below peak

**Size ~ US\$ 1450 billion**

**Growth ~ -2%**

# Construction markets – US



Recovery after long recession

- Growth from a low base
- 30% below peak (June 2006)

Private sector driving growth

Public sector falling

Housing starts still weak

Size ~ US\$ 850billion  
Growth ~ +6%

# Construction markets – Developing Asia



Growth, but not as strong as before

Slowdown in China & India

Growth in other markets

Focus on infrastructure & energy

Size ~ US\$ 1250 billion

Growth ~ +6%

# Construction markets – Latin America



**Size ~ US\$ 550 billion**

**Growth ~ +6%**

Brazil dominates

- Olympics & World Cup
- Energy & infrastructure

Strong smaller markets

- Chile, Panama, Peru

But not all of them!

- Venezuela, Argentina

Good long-term prospects

# Construction markets – Middle East & Africa



Commodity-price driven

- Unstable & unpredictable
- Some countries diversifying

Impact of Arab Spring

Very high growth in places

Business climate & political stability?

**Size ~ US\$ 450 billion**

**Growth ~ +5%**

# Construction markets – CIS



**Size ~ US\$ 250 billion**  
**Growth ~ +4%**

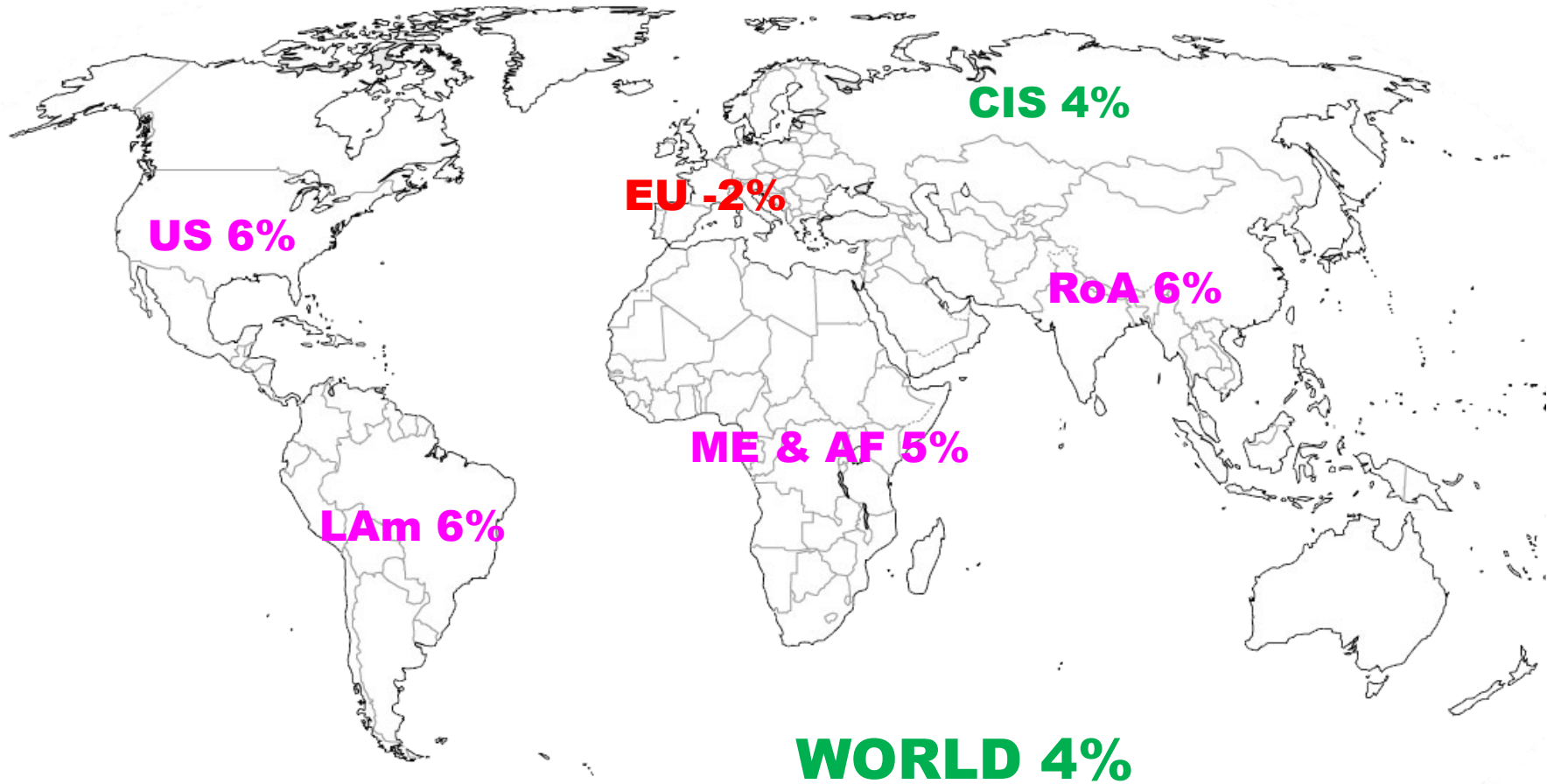
Russia dominates

- Oil price
- Focus on major events
- Business climate
- Lack of overall plan

Smaller countries diversifying

- Funded by gas & oil wealth

# Construction growth summary 2012





# Summary – construction markets

- Slow post-recession recovery
- 2012-13 is a temporary(?) speed bump
  - Euro crisis (global impact)
  - Chinese slowdown
- Developing markets offer best growth prospects
  - General focus on energy & infrastructure

# Economic drivers for tower cranes

# What makes a good tower crane market?

- High-rise construction
  - Residential & non-residential building
- Wealth
  - High-rise buildings are expensive
  - Tower cranes are expensive
- Economic growth & pressure on land
  - The need for more useable space

# What makes a good tower crane market?

A wide-angle, high-angle aerial photograph of a city skyline at night. The city is densely packed with skyscrapers, many of which are illuminated with warm yellow and orange lights. The sky is a deep purple and blue, with some clouds. The word "CITIES" is overlaid in large, white, sans-serif capital letters across the center of the image.

CITIES

# Urbanisation – positive long-term trend

- By 2050, 75% of population will live in cities
  - (50% today)
- **7 billion people!**
  - (3.5 billion today)
- About 800 cities with 1 million+ inhabitants
  - (450 today)
- 45 mega cities (10 million+ inhabitants)
  - (25 today)

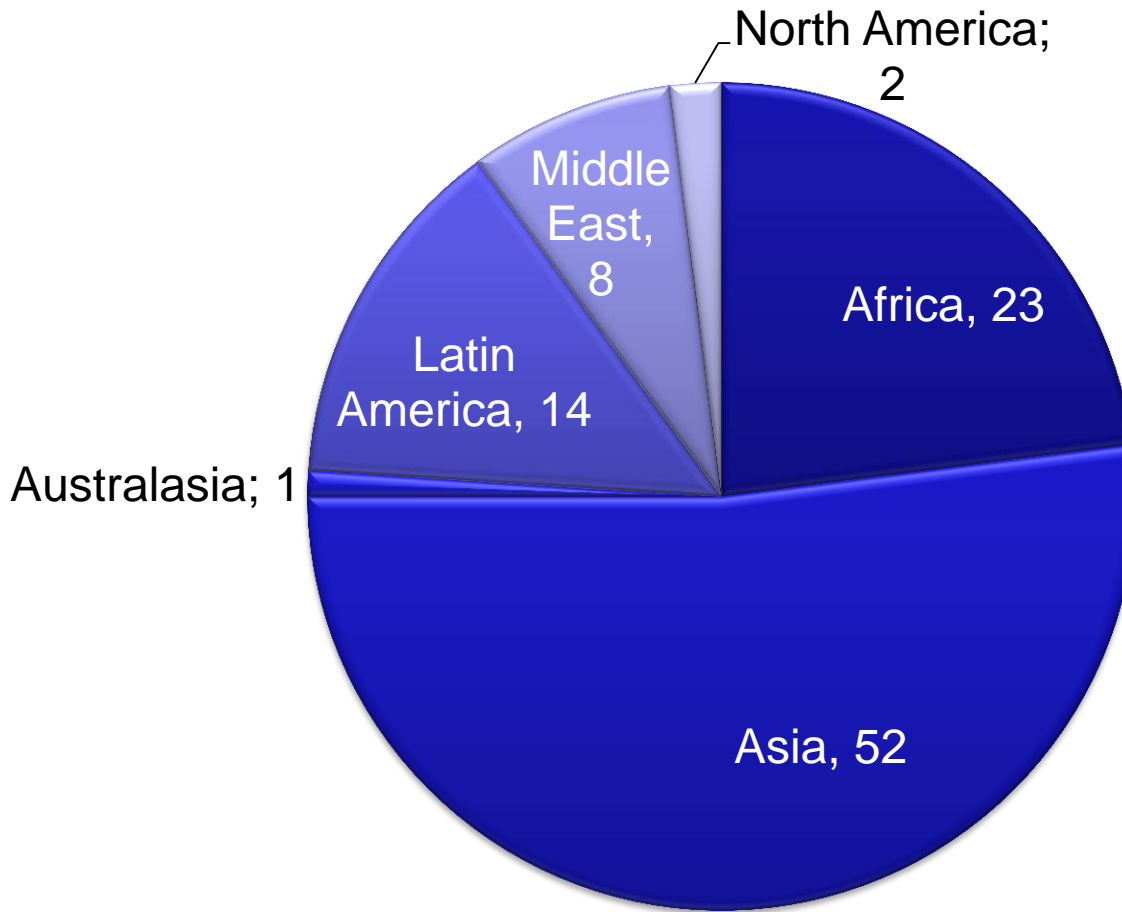
# **Tower crane markets of the future**

What do the economic trends tell us?

# Not just any city!

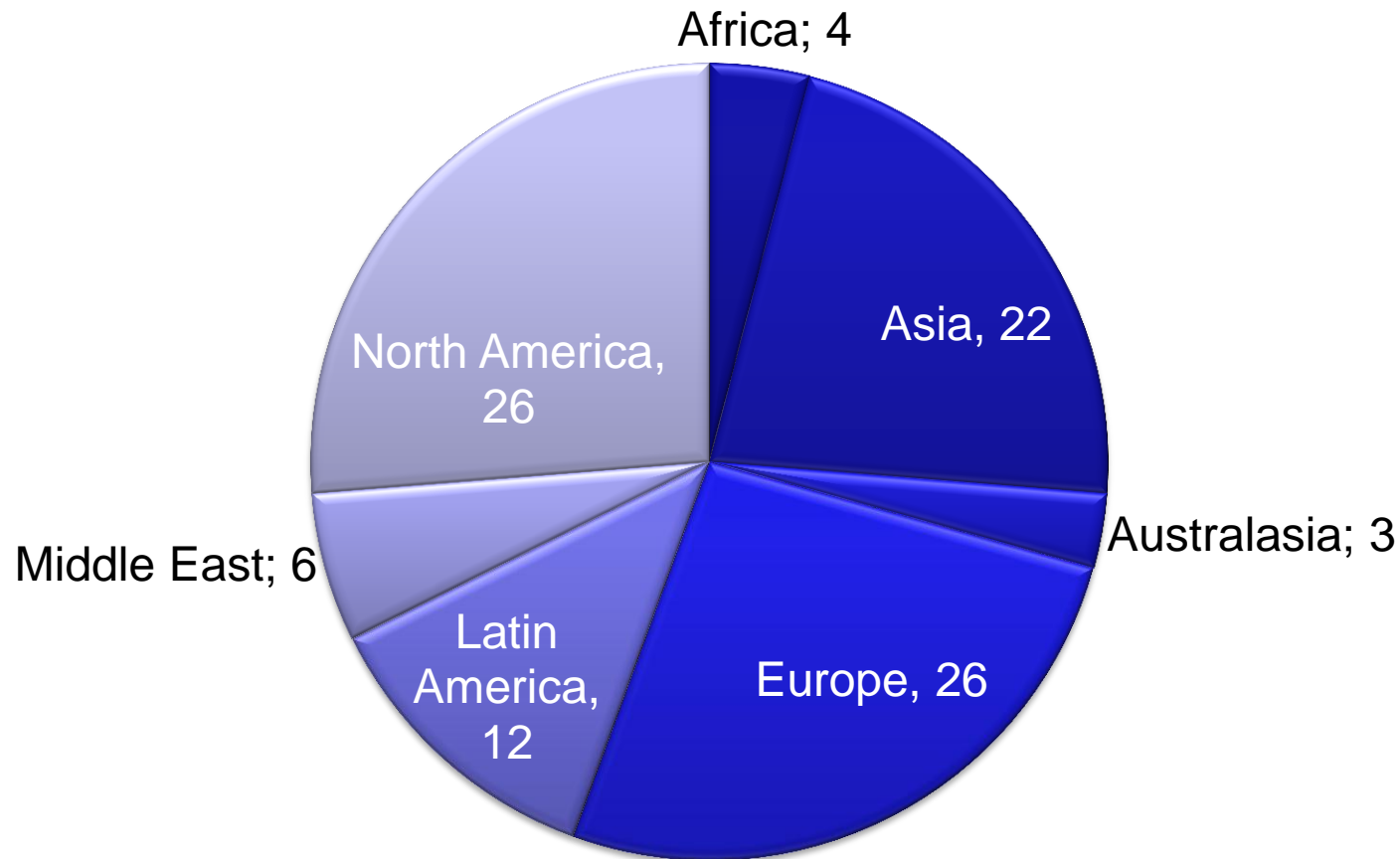
- High economic growth
  - Demand for more useable space
- High population and/or confined geography
  - Need for more space – pressure to build upwards
- General and individual wealth
  - Money to pay for more space

# Where are the high-growth cities? – top 100

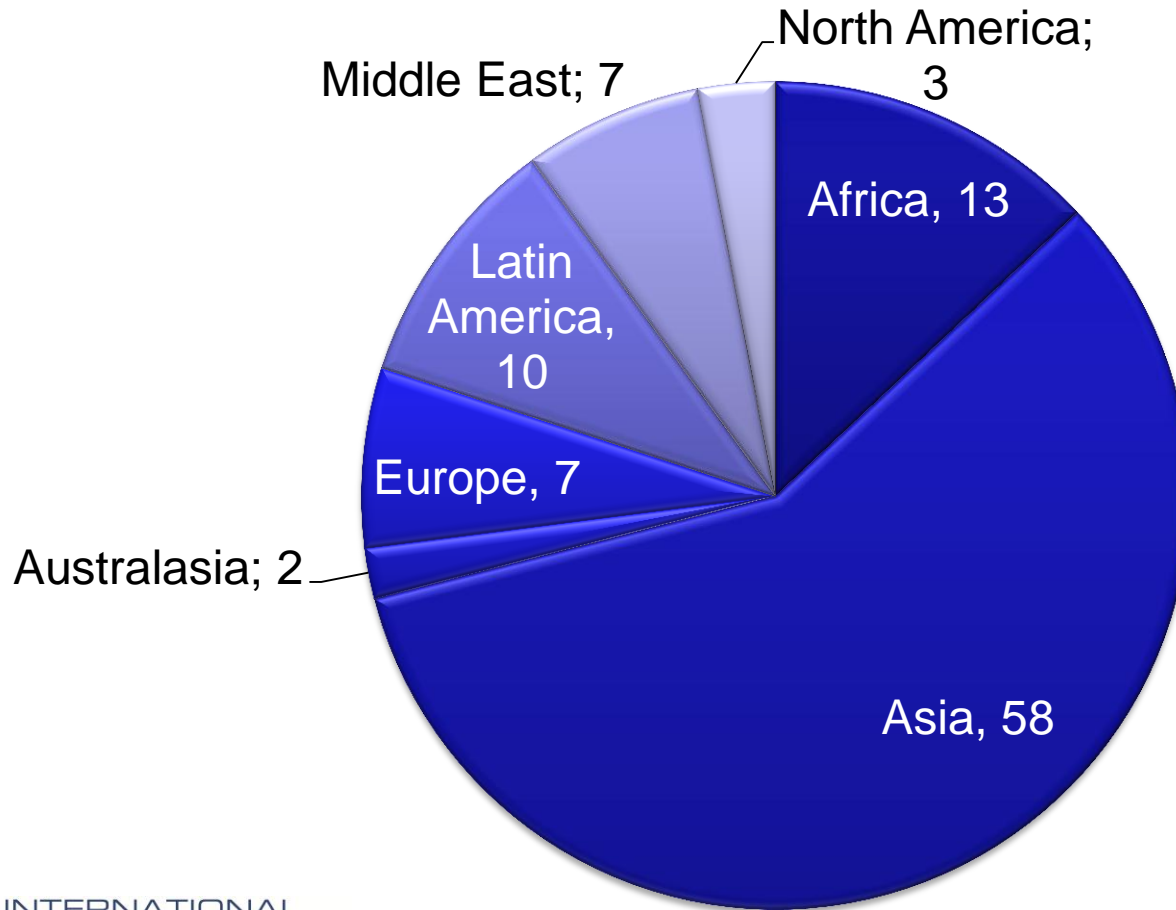




# Where are the rich cities? – total GDP



# Where are the big cities? - Population



# Where are the big, rich, growing cities?

City	Country	Population	Growth rate	GDP (US\$ billion)	GDP/capita
Brasilia	Brazil	2,089,000	2.99%	45	21,708
Riyadh	Saudi Arabia	4,950,000	3.09%	96	19,399
Jeddah	Saudi Arabia	3,856,000	2.93%	65	16,962
Hyderabad	India	3,637,000	2.91%	45	12,410
Bandung	Indonesia	2,510,000	2.90%	31	12,297
Jakarta	Indonesia	10,100,000	3.03%	117	11,606
Pune	India	3,337,000	3.46%	37	11,026
Wuhan	China	4,500,000	2.87%	45	10,007
Delhi	India	12,100,000	3.48%	114	9,437
Bangalore	India	5,840,000	2.79%	53	9,089

# Summary

- Construction & economic growth in emerging markets
- Long-term trend towards urbanisation
- Tower crane sales will come from non-traditional markets
- Opportunities and challenges!

# More information

**www.khl.com**

- Daily news
- Weekly newsletters
- Searchable archive – 10 years – 20,000 articles
- Subscribe to magazines
- Paper & digital magazine, apps, podcasts, videos, +++