



CONSTRUCTION HOTSPOTS

Fact File

- The global construction market is expected to grow 85 per cent to \$17.5 trillion by 2030, accounting for almost 15 per cent of world output (Global Construction 2030)
- In 2010, emerging markets accounted for 43.9 per cent of global construction output, a share that is anticipated to rise to 51.9% by 2020 (Timetric, 2016)
- Global construction hotspots include India, China, the Middle East, Mexico, Egypt and the UK

INTRODUCTION

According to Fernando A. Gonzalez, CEO of CEMEX in the latest Global Construction report, construction is likely to be the most dynamic industrial sector over the next 15 years, crucial to the evolution of many prosperous societies around the world.

The global construction industry is gradually regaining strength following a prolonged period of decline since the global financial crisis hit the world in 2008. It is expected that between now and 2020, the industry is likely to grow on average 3.4 per cent per year, with the industry reaching a value of \$10 trillion in 2020 and \$17.5 trillion by 2030.

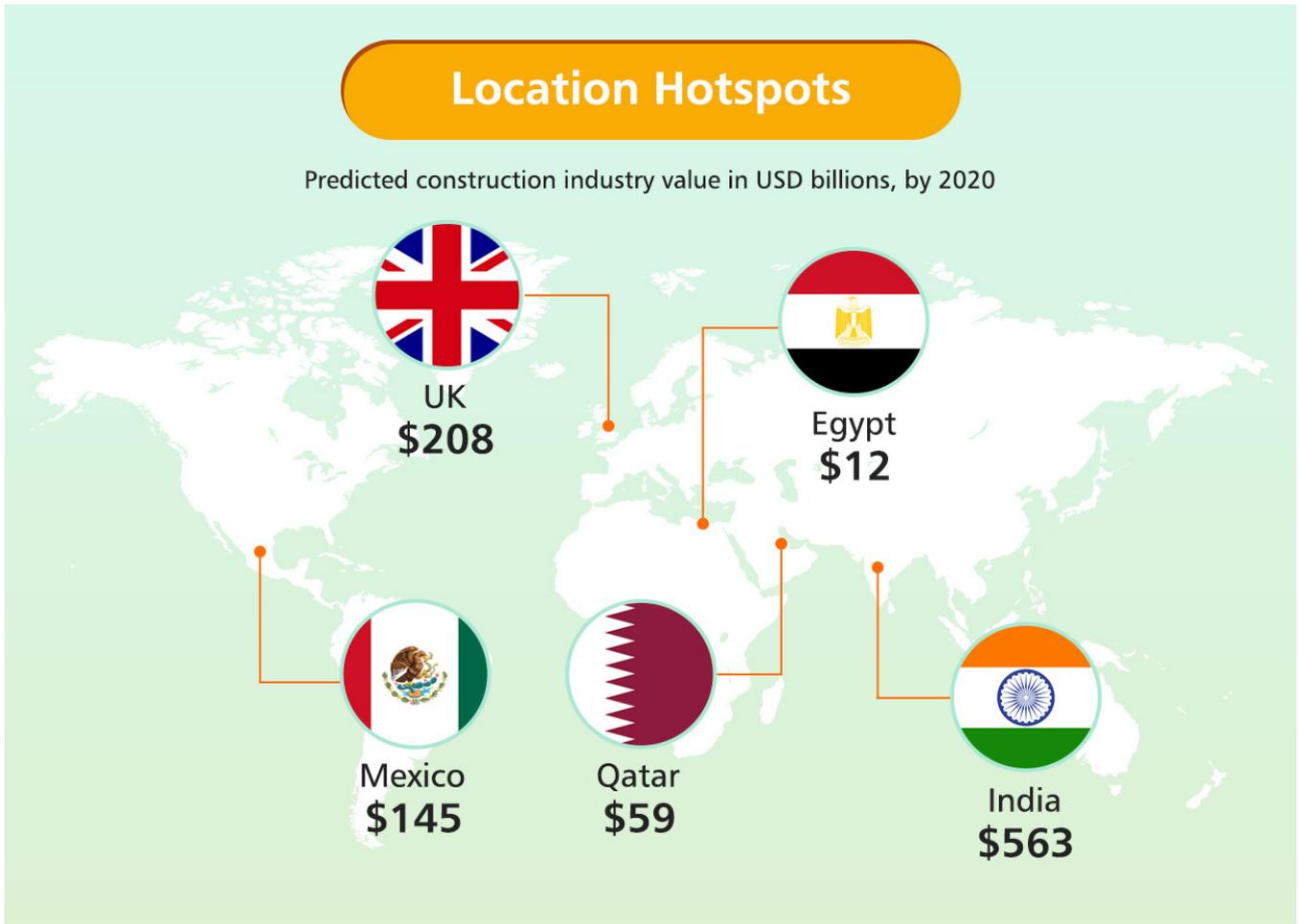
It is suggested that the recovery of many of the major advanced economies will be the driver of global construction output over the next five years, though many emerging economies will also play a part in pushing up output as they continue to industrialise.

Forecasts predict that Asia-Pacific will continue to account for the largest share of the global construction industry, with India expected to be the most rapidly growing market amongst its countries. In Latin America, Mexico is expected to replace Brazil as the largest construction market and Columbia will see its share of the industry almost double in size by 2030. Despite Europe experiencing sluggish growth since the downturn, the UK will be an important exception, seeing it become the sixth largest construction market in the world and replacing Germany as the largest European market.

This report reviews each construction 'hotspot' and provides a snapshot of the opportunities for contractors across the sector.

¹ <https://timetric.com/info/media-center/press-releases/2016/04/07/outlook-global-construction-industry-getting-brighter/>

² <https://gcp.global/uk/downloadable/download/link/id/MC4zMTAxNjgwMCAxNDY1ODE2NjMxODY4NzkwMTEyODU/>



Construction Hotspots

India

Currently, the construction industry in India is the country's second largest employer, next only to agriculture. It employs more than 35 million people and according to the government, is valued at more than \$126 billion. About half of projects come from the infrastructure sector, while the rest is driven by the real estate sector and other industrial activities.

India is expected to work its way up the global construction rankings and overtake Japan to become the world's third largest construction market by 2030. Its rate of growth will be almost twice as fast as China, which will remain the largest construction market in the world.

Driving this growth will be the delivery of 170 million houses over the next 15 years to meet the needs of a rapidly growing and urbanising population. However, in order to achieve these ambitious housing targets, India is first having to increase investment in its poor infrastructure model.

Upcoming projects

Residential

The residential market, which saw a slump in launches in 2015, saw a remarkable comeback in the first quarter of 2016, backed by a six-fold rise in launches in the affordable housing segment. This saw the addition of more than 10,950 units in that period as developers foresaw greater demand in this price-sensitive sector. Other new and ongoing projects include:

The Construction Industry Development Board (CIDB) of Malaysia has proposed to invest US\$ 30 billion in urban development and housing projects in India, including:

1. [Delhi Mini Smart City Development Program](#) (\$42.4bn) involves the redevelopment of 1,000ha of land adjoining the New Delhi railway station into a mini-smart city. It includes the construction of government offices, residences, railway lines, walkways, local waterways, cycle tracks, roads, expressways and related facilities.
2. [Green City Project, Garhmukhteshwar](#) (\$4bn), just off national highway 24, will include high numbers of residential housing units as part of a plan to carve out 100 'smart cities' in the region, each based on different themes.

Infrastructure

India has plans to invest \$1 trillion on infrastructure between 2012 and 2017. New and ongoing projects include:

1. [Maharashtra State Government](#) plans to launch infrastructure projects (\$10.78bn) in Mumbai and neighbouring areas in late-2016, which include a coastal road, trans harbour link, metro rail and road projects
2. [Navi Mumbai International Airport](#) (\$2.4bn) is a Public-Private Partnership (PPP) project which has previously been delayed by land acquisition and environmental issues. However, pre-development works started in March 2015 and the project is now expected to complete in 2019
3. [Chenab River Railway Bridge](#) (\$92m) is expected to complete by 2019. It will be the highest railway bridge in the world, towering 359 meters above the river bed in Katra, Jammu-Kashmir. The 1.3km-long bridge is a part of the 73km-long Katra-Dharam section of the Udhampur-Srinagar-Baramulla Rail Link (USBRL) project
4. [Delhi Mumbai Industrial Corridor](#) (\$90bn) aims to create two power plants, 24 smart cities, 23 industrial hubs, six airports, two ports and a six-lane expressway stretching 1,500 kilometres. When it's completed, it will be the world's largest infrastructural project. Seven of the smart cities are expected to be complete by 2019

China

By 2030, China is expected to account for almost a quarter of global construction activity, however, as a result of the country's ongoing transformation into an industrialised nation, its domestic construction market is set to decline in the short term and recover rapidly by a new consumer class in the longer term. This means that whilst job opportunities are limited in the immediate future, demand for experienced construction professionals in a couple of years' time will rise exponentially.

As the country progresses its central [National New-type Urbanisation Plan](#), which sets out plans for 60 per cent of its population to live in cities by 2020, these development trends drive the Chinese government's emphasis on increasing green building within its construction sector. Focusing on buildings is a key element of its national strategy, which supports its commitment to conserve resources and reduce greenhouse gas emissions.

Upcoming projects

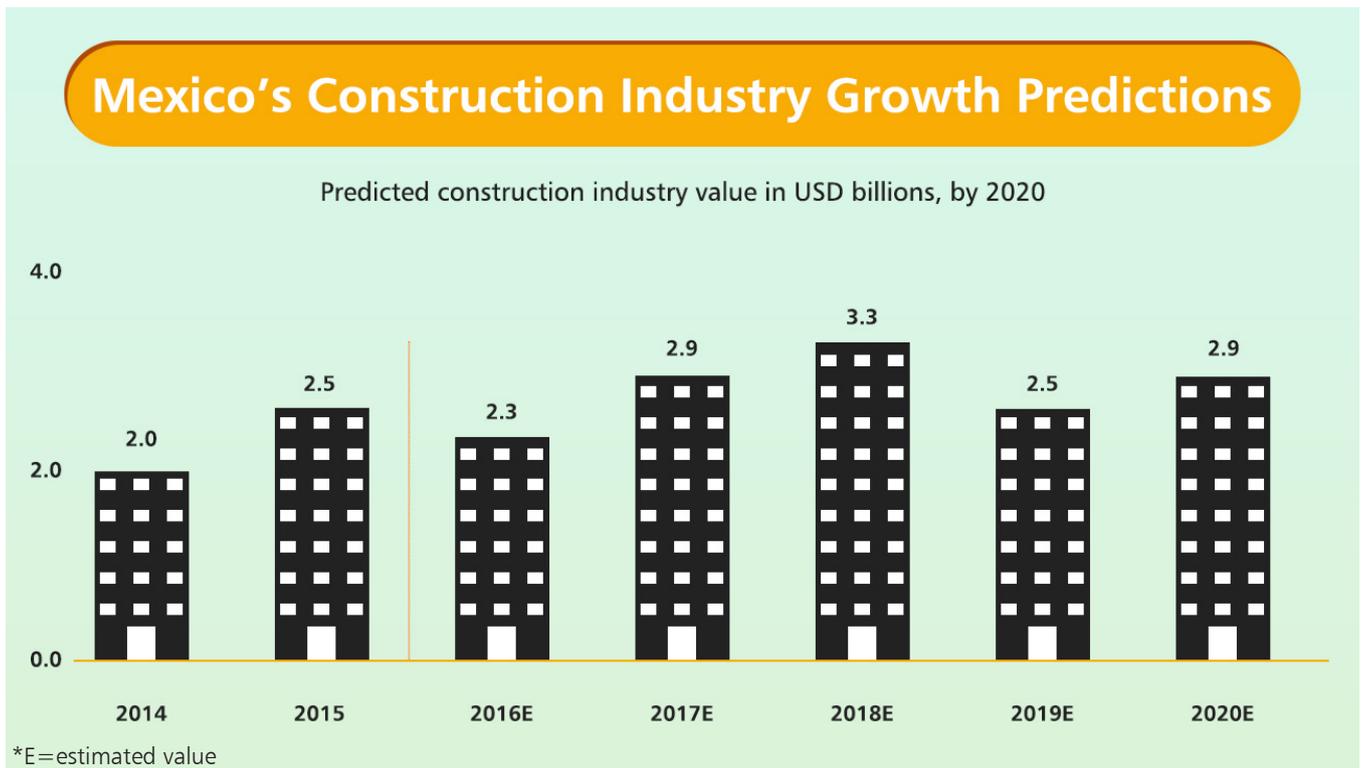
1. [Arch Capital](#) (\$35bn) plans to build a resort of luxury condos, a hotel, beach club and lifestyle retail mall covering 10,000 sq ft. in Phuket, Hong Kong. The resort is expected to be finished by 2018.
2. [The National Development and Reform Commission and the Ministry of Transport](#) (\$721.8bn) plans a total of 303 projects across the country including railways, roads, waterways, airports and metro systems as part of their 'major transport infrastructure construction year Action Plan'. The projects will take place over the next three years.
3. [Century Bridge Capital](#) (\$122m) is planning joint venture real estate development for a middle-income, residential project in Ningbo, China. The development will span over approximately 87,854 square metres and be made up of approximately 840 units. Completion expected by 2020.

Mexico

Latin America’s construction industry is anticipated to expand at a slower pace than other emerging market regions, mainly as a result of contraction in Brazil. Economic uncertainty will continue to undermine investor confidence in Argentina, while Venezuela will remain troubled. However, Mexico’s industry is recovering from a period of weakness, and will be supported by investments in infrastructure and residential projects.

Since June 2014, Mexico’s construction industry left behind its recessionary phase, accumulating 17 months of consecutive growth, mainly driven by private investment. Growth potential in the construction industry is expected to sit between 2 per cent and 3 per cent over the next few years, helping the jobs market and encouraging those looking to start a project in the region.

Growth predictions



Upcoming projects

1. **TransCanada** (\$1.3bn) plan to invest in a joint venture to own and operate the US\$2.1 billion natural gas pipeline in Mexico. The project will be supported by a 25-year natural gas transportation service contract for 2.6 billion cubic feet a day with Mexico’s state-owned power company. Predicted in-service date of late 2018.
2. **ICA Fluor** (\$500m) will provide engineering support for Madero Clean Diesel project at the Madero Refinery in Tamaulipas, Mexico which is scheduled to complete in the first quarter of 2018.
3. **Zaha Hadid Architects** has unveiled plans to build a high-density housing development in Monterrey, Mexico. The project entails building a community of wave-shaped apartment blocks, accompanied by a 30,000-square-metre public park. The complex will accommodate 981 apartments, varying in size between 45 and 165 square metres. The project will be constructed in three phases, with the first expected to complete in 2018.

UK

The UK construction industry has been one of the main drivers of the country's economic growth over the past 18-24 months, according to a report by the Construction Skills Network. Growth in the industry is expected to stay at around 3 per cent in the period 2015-2019 with all sectors expected to see some rise in activity. Sectors include public sector housing, infrastructure, public non-residential construction, private industrial, private commercial and repair and maintenance.

On the back of strong output growth construction employment rose in 2014 for the first time since 2008 and is expected to continue at an annual rate of 1.5 per cent until 2019. Forecasts suggest that total construction employment is projected to reach 2.74 million in 2019, which, despite being slightly lower than its 2008 peak, is promising for an industry which was hit hard by the recession.

In spite of these encouraging predictions, the rate at which projects are being commissioned is faster than companies can often recruit, and the Federation of Master Builders' quarterly State of Trade survey reiterated this, showing a rising trend in difficulties recruiting skilled staff. Projects that are being implemented by the [National Infrastructure Plan](#) and will attract skilled construction professionals include:

1. **Roads:** The UK government is committed to increasing capacity on the Strategic Road Network (SRN) and throughout the course of this Parliament will start work to add 1,300 extra lane miles and improve over 60 problem junctions to address existing bottlenecks, and transform regional connectivity across the UK.
2. **Rail:** The government's vision is to provide world class train services that drive economic growth and exceed passenger expectations. Two of the ways it will do this include:
 - a) HS2 will link 8 of Britain's 10 largest cities, serving 1 in 5 of the UK population
 - b) Crossrail is Europe's largest construction project, and one of the most ambitious infrastructure programmes ever undertaken in the UK. It is now 70% complete and will complete in 2018.
3. **Airports:** Main objectives are to ensure that the UK's air links continue to make it one of the best connected countries in the world, ensure the aviation sector makes a significant and cost-effective contribution towards reducing global emissions and to limit, and where possible reduce, the number of people in the UK significantly affected by aircraft noise. The UK government plans to do this by:
 - a) Airport Capacity Investment – substantial investment is underway at airports around the UK including a £1 billion investment programme at Manchester Airport and over £4 billion at Heathrow and Gatwick as part of their regulatory commitments
 - b) Network Rail is continuing to develop the Western Rail Link to Heathrow scheme, construction of which will begin between 2019 and 2024.

Egypt

According to the Egyptian Ministry of Finance, the construction industry in Egypt has been projected to grow by eight per cent in 2016 after an estimated 9.8 per cent in 2015. This growth is due in part to the steady support of the sector by PPPs and the growing infrastructure project pipeline.

The strong government support for infrastructure development has gathered momentum with the announcement that Egypt will tender 12 PPPs in the next 15 months, worth around \$4 billion, and will cover projects across all sectors. New and upcoming infrastructure projects include:

1. **[Ataka Thermal Power Plant](#)** (\$300m)
2. **[Cairo Metro Line 3 Extension Works](#)** (\$2.7bn) will create a third track to support Cairo's 22 million inhabitants and provide greater public transport coverage. It is expected to be fully operational by 2022.
3. **[Expansion of the port of Alexandria](#)** will accommodate future growth of the port and revive the international role of the port. The project includes 11.3km berths, a dock extension of 2.3 million m² and a new 3.5km long breakwater

Qatar

Buoyed by huge government investment, a stable business environment and growing consumer demand, Qatar is the fastest growing construction and infrastructure market in the region. Between 2012 and 2015 the value of construction contracts in the country tripled to \$47 billion.

The growth of the market is controlled carefully by the Qatar National Development Strategy but the 2022 FIFA World Cup bid will lead to significant acceleration with \$135 billion worth of contracts up for grabs over the coming five years. Associated infrastructure, transport and energy developments will benefit from a halo effect creating significant demand for skilled consultant engineers. These include:

1. [Al Bayt Stadium, Al Kohr](#) will provide 60,000 seats situated in the heart of the 1 million sq metre complex which will also include a hospital, mall and park. The stadium is expected to be completed in Q3 2018.
2. [Lusail City](#) (\$45bn) will boast a population of around 200,000 people when it is complete in 2019, three years before the football tournament begins. It will be home to one of the seven World Cup stadiums, two marinas and 19 multi-purpose residential, mixed use, entertainment and commercial districts
3. [Qatar Foundation Stadium](#) is located in Education City, the home of Qatar Foundation for Education, Science and Community Development (QF) and will have a tournament capacity of 40,000 spectators, as well as a Health & Wellness Precinct and spaces for education and development programmes. The stadium is due to complete in Q3 2019.
4. [The New Doha Port](#) (\$7.4bn) mega project in Mesaieed is being built on an area of 26.5km² and is expected to be one of the largest seaports in the region. The first phase is scheduled for completion in 2016, while the second and third phases will be completed after 2022.
5. [The Expressway Programme](#) (\$4.4bn) will improve transport in Qatar by providing vital transportation links which connect key cities, towns and villages with high quality national freeways and urban arterial routes. Fundamental improvements and enhancements at existing projects have been planned. It will deliver over 900 km of new roads and an array of underpasses, flyovers and multi-level interchanges to enable free-flowing traffic and improved journey times. The programme is due to be completed in 2017.

Most sought after skills

For those with experience in the following specialisms, there is likely to be an abundance of job opportunities over the coming years. However, for those that don't have quite the right skill set, governments around the world are investing in training and knowledge programmes to help attract people into the construction industry to help fulfil project requirements.

- Project managers
- Quantity surveyors
- Architects
- Civil engineers
- Planning officers
- Heavy plant operators
- Geotechnical engineers
- Structural managers
- Site managers

Economies as a consequence of construction

The construction industry makes a vital contribution to the competitiveness and prosperity of a country's economy. A modern, efficient infrastructure is a key driver of productivity, and the construction industry has a major role in delivering the built infrastructure in an innovative and cost effective way.

Firms throughout the economy are dependent on the performance of built infrastructure such as roads, rail, power stations and telecoms networks to remain competitive, and inward investors will consider the quality of the built infrastructure as one of the key factors when considering location decisions.

Opportunities

If you have the relevant skills and are interested in hearing about construction opportunities in any of the countries listed above, please visit www.procorre.com to register to become a Procorre Consultant.

About Procorre

Procorre is a global professional services consultancy, which successfully manages the whole life cycle of projects, across a range of industries.

Currently deploying over 1,500 highly skilled and experienced consultants on projects around the world, Procorre seeks to acquire the best talent

and provide them with a more rewarding way to work.

Procorre also offers a range of advisory and consultancy services to clients worldwide, as well as collaborating with preferred suppliers to ensure consultants have access to the best projects across the globe.

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